DOCTOR OF PHILOSOPHY

A critical perspective on social accounting in banking
the case of social accounting in the Libyan commercial banking sector

Abouzkeh, Abdalnasr

Award date:
2013

DOCTOR OF PHILOSOPHY

A critical perspective on social accounting in banking

the case of social accounting in the Libyan commercial banking sector

Abdalnasr Abouzkeh
Rania Kamla

2013

University of Dundee

School of Business
Accounting and Finance

A Critical Perspective on Social Accounting in Banking: "The Case of Social Accounting in the Libyan Commercial Banking Sector"

Abdalnasr M.O. Abouzkeh

A Thesis Submitted to the University of Dundee in Fulfilment of the Requirements for the Degree of Doctor of Philosophy

May 2012

بِسْمِ اللّهِ الرَّحْمَنِ الرَّحِيمِ

In the name of Allah
the Beneficent the Merciful

To My Parents and My Family

Declaration

I hereby declare that I am the author of this thesis, that the work of which this thesis is a record has been done by myself and that it has not previously been accepted for a higher degree.

Signed:..........Abouzkeh.......... Date: 7/9/2012

Abdalnasr Abouzkeh

Certificate

We certify that Abdalnasr Abouzkeh has worked the equivalent of nine terms on this research, and that the conditions of the relevant ordinance and regulations have been fulfilled.

Signed:..........Jim Haslam.......... Date: ....7/9/12..........

Pro: Jim Haslam

Signed:...................................... Date: ...07/09/2012.........

Pro: Rania Kamla

Acknowledgments

First, I would like to express my profound gratitude to those who supported my PhD study here at the University of Dundee, especially my supervisors, Professor Jim Haslam and Professor Rania Kamla for their useful guidance, comments, suggestions, supervision and encouragement.

Second, I would like to express my thanks to University and School staff and postgraduate colleagues for support during my time here at the University, especially their contributions to the PhD Student seminars.

Third, I would like to express my gratitude to those who willingly agreed to spare some of their precious time to discuss issues related to this work and who gave me important insights and encouragement in different places e.g. at a Cardiff Colloquium and during the empirical study in Libya. I wish to sincerely thank them for their kindness.

And finally, I would like to thank my father and my mother for all their love and encouragement. My wife and children deserve a special mention for their love, sacrifice, understanding, patience and support during the course of this thesis.

Abstract

The thesis provides insights into social accounting practices and disclosures of Libyan Commercial Banks (LCBs) in the light of State social laws, regulations and ideology. The thesis applies to actual accounting practices, but also to potential accounting practices. Thus, the logic of the argument of the thesis is extended for purposes of empirical exploration to the three accounting tendencies. The thesis also aims to explore and bring insights into the actuality and potentiality of social accounting from the perspective of critical and postcolonial theory. The historical and legal background of Libya, including postcolonialism, could contribute to explaining the social practices and disclosures of banks. Moreover, the thesis seeks to develop a social accounting vision that is consistent with the theoretical perspective here, and thus the cultural and social environment of Libya and its particularities. The thesis goes beyond conventional accounting and conventional social disclosure to the extent that it identifies and promotes forms of 'radical' social accounting. It is difficult to develop social welfare while we continue looking to an accounting somewhat abstracted from society's needs.

The empirical investigations of the thesis involved disclosure index as part of content analysis of LCBs' annual reports, and interviews with social actors in LCBs. The analysis was applied to 27 annual reports, while the interview sample comprised 22 interviewees. The empirical findings of the thesis reveal a low level of social accounting practice and disclosure. Also, the empirical findings show ambiguity in social accounting disclosure and practice and indicate the presence of three accounting orientations/tendencies: conventional accounting, mainstream Western social accounting and radical social accounting. Most of the disclosures in annual reports were presented in numerical and monetary form. Many social initiatives were apparently aimed at satisfying shareholders and key stakeholders for the purposes of achieving conventional financial goals. There is some social disclosure that may be understood, in terms of the perspective here, to have an emancipatory dimension. Many reasons explain and describe the status quo explored, e.g. globalisation, Western imperialism, conflicts and inconsistencies between Libyan laws, regulations and ideology on the one hand and practice on the other, and the absence of civil society organisations, democracy, free trade unions and free media.

Table of Contents

	List of Tables	

	List of Figures	

Chapter One: Introduction

1.1 Introduction

Some consider that there is a conflict between a bank's target in achieving a high level of profit and its responsibility towards a wide range of stakeholders, and society generally, in achieving social justice, looking after the environment and creating wealth. While some assume the first and only corporate responsibility is to maximise profit or shareholder wealth (in general, conventional financial goals), others problematise this position by reference to the character of the context and/or the narrowness of what is conceived to matter vis-à-vis social well-being (Friedman, 1970; Gallhofer and Haslam, 2003). The conflict is reflected for some in a struggle between conventional accounting, considered substantively a repressive form of accounting (in at least supporting a repressive or problematic socio-political order) and a form of social accounting that is more emancipatory or has more emancipatory potential; a battle that appears to be won in a relative sense by conventional accounting in the context of globalisation, which includes within its ambit the developing countries. In this regard, social accounting may be seen as aiming to expand the accounting paradigm to accommodate broader factors consistent with an emancipatory tendency (see Gallhofer and Haslam, 2003).

This study aims to critically explore social accounting and responsibility of Libyan commercial banks (LCBs) from a critical and postcolonial view, by considering the socio-political and economic context of Libya. Regarding the thesis contents and structure, this chapter is divided into five sections, including the research focus, objectives of the research, significance and contribution of the research, and justification for the research, while the last section will present the thesis structure.

1.2 The Research Focus

The study applies a critical perspective with a postcolonial lens to the analysis of social accounting, with a particular focus on the case of social accounting in the Libyan commercial banking sector. Using postcolonial theory as a part of critical theory could enlighten ways forward for the better, and help in the adoption of a more holistic social accounting that considers the Libyan context. More generally, the social accounting movement has been concerned to promote an accounting that goes beyond the conventional, in reflecting a view of corporate social responsibility. This goes beyond the abstract and universal focus on conventional shareholder orientated financial goals that result of the impact of globalisation and postcolonialism. This study is concerned with developing a social accounting vision consistent with the theoretical perspective here, and thus the cultural and social environment of Libya. Furthermore, this study is also concerned with appraising the social accounting practices of LBCs. The commercial banking sector in Libya plays a crucial role in economic and social development.

The research highlights the influence of Libyan social laws, regulations and ideology. These reflect the official policy of the Libyan State towards society. These are meant to be obligations of business organisations, including banks. However, such packages of legislation, laws and ideology have arguably remained mere slogans, not applied in the real world, for many reasons, including the lack of necessary control tools to oversee legislation implementation, such as independent trade unions, civil society organisations and free media.

Creating social justice and well-being may be better achieved by holding banks and other organisations responsible towards all interested parties and society. The accounting profession and education in Libya and other developing countries have been influenced by

Western colonialism; so Western values are reflected clearly in the accounting system (Annisette, 2000; Irvine, 2008; Shareia, 2010). These values, for some, hampered efforts to reduce poverty, and contributed to obliterating cultural identity in developing countries (Gallhofer and Chew, 2000; Jayasinghe and Thomas, 2009; Joannides et al., 2010). Addressing issues such as inequalities, social exploitation and poverty, redistribution of wealth, elimination of corruption, enhancing the low level of living standards, and developing deteriorating infrastructure, could be seen as a primary responsibility of the State, especially the socialist State. However, some argue that business organisations, beyond this, have a major duty to share in overcoming such issues, as well as to adopt accounting systems that consider the local context (UN, 2006; Belal and Momin, 2009).

Banks, through increasing their funding for agricultural projects, and medium and small industrial projects, might contribute to overcoming such issues. In order to make banks consider social issues, it may be argued that the State has to play a crucial role in encouraging and supporting banks in the social responsibility field. This has provoked debate among many researchers, academics and institutions on the issues involved, considering the responsibility of governments, civil society and businesses organisations (Gray, 1992; Gray et al., 1996; Gray, 2000; Justice, 2002; Gallhofer and Haslam, 2003; Adams, 2004; Crowther and Martinez, 2004; Ball and Seal, 2005; Finn, 2009). From a critical perspective, one way forward considered here is that the status quo of the accounting system has to be changed towards a more emancipatory social accounting. Here, social accounting practice may be seen as a way of remedying the low level of transparency and accountability and promoting social responsibility. Moreover, the research considers it important to engage the government and other interested parties in this effort. The research uses theory, methodology and empirical work to draw out findings, and interprets the results using a critical and postcolonial lens, suggesting ways forward for the Libyan context and beyond (Burrell and Morgan, 1979; Chua, 1986a; Laughlin, 1995).

1.3 Objectives of the Research

This study aims to critically explore the current status of social accounting and responsibility, in terms of disclosure and practices, in LCBs from a critical postcolonial lens, giving consideration to the socio-political and economic context of Libya. Disclosure is explored through studying annual reports published by LCBs in the periods 2005, 2006, 2007 and 2008. A concern is also to give voice to social actors in LCBs, allowing them to express their perspective on the reality and potential of social practices and disclosure in LCBs. The study here adopts mixed methods, including literature review, contextual analysis (both considered as methods, if only in the sense that they may be considered a strategy in a research project that potentially helps in the development of a thesis or argument), disclosure index as a part of content analysis of annual reports by LCBs and interviews with social actors in LCBs, to answer the following questions:

1. What is the quality of social accounting in LCBs in the context studied from a critical perspective?
2. To what extent has Libyan social accounting been influenced by globalisation and Western perspectives on accounting?
3. How has the socio-political and economic context in Libya, including the Libyan State's socialist ideology, influenced social accounting and responsibility in Libya?
4. What are the positive potentialities for social accounting in Libya, and how could they be realised?

Through a critical postcolonial lens, the research objective goes beyond the mere exploration of social accounting and responsibility in LCBs to a critique of the status quo, in light of the dominance of the Western accounting model. The critique, coupled with the intention to change for the better world, reflects the possibility of a more emancipatory, or better in terms of the theoretical perspective, accounting. Thus, the research aims to better understand the nature of social accounting practice, and how it should be in the Libyan commercial banking sector, in order to facilitate a better and more effective contribution to social justice and welfare. Using critical and postcolonial theory, the research aims to orientate social accounting towards emancipatory/radical social accounting that serves/considers the local context/values. Instead, social accounting imported from a Western context might reflect a 'counter-radical' form of accounting, which is used for the purposes of serving banks' interests in the first instance and more generally hegemonic interests. In this regard, this research also argues that understanding/exploring the Libyan socio-cultural, legal, economic and political context could facilitate emancipatory transformation. Accordingly, following critical theory, the aim of the research is: (1) exploring social accounting disclosure and practices (understanding the status quo); (2) using a critical postcolonial lens to investigate the reason behind the accounting practice and disclosure; and then, (3) suggesting ways forward towards a better world considering the Libyan context.

1.4 Significance and Contribution of the Research

1.4.1 Significance of the Research

The importance of this study lies in the importance of the banking sector at the time the study was carried out, and potentially in the future. Unlike other sectors, banks have their specificities, as they must follow intricate regulations and also meet stakeholders' expectations. Thus, 'banks cannot do whatever they might want to do' (Lundgren and Catasu, 2000, p.188). In Libya, the banking sector witnessed significant growth as indicated by most financial indicators (CBL, 2009). In Libya, in 2008, the banking sector represented 50% of the total companies listed on the Libyan Stock Market. The banking sector is generally understood to have a vital role in economic development; for instance, by supporting other business organisations and people in advancing loans (Elkington, 2004; Moyo and Rohan, 2006). Thus, banks appear among the most influential sector in society. Due to that, they deal substantively with a wide range of groups in the community. Banks contribute to the State’s economic and social initiatives. Further, the banking sector is among the sectors most affected or influenced by Western hegemony, as most major LCBs were founded in the Western colonial period, or in the capitalist period immediately after independence (CBL, 2006). Moreover, LCBs rely on training programmes, technology and accounting systems reflecting the colonial and postcolonial legacy (Al-Shukri, 2007). In the same context, globalisation added another dimension to banking responsibility, where banks became more complex than formerly. Banks have been forced to follow the pathways of some Western international institutions; their goals thus departing from the needs and wants of the local context (Ahmad and Gao, 2004; Shareia, 2010).

This study derives some of its importance and significance from being, as far as the author is aware, the only study thus far conducted to discuss social accounting in the Libyan banking sector. Another important aspect of this study is that it contributes to a better understanding of the status of social accounting and responsibility practices of LCBs. Moreover, the study’s significance might be in stimulating a better debate on accounting for banks that considers society’s needs and wants whether these banks are owned by the private or public sectors. Such accounting may help regulate bank behaviours towards more social justice and wealth creation, where adopting social accounting and responsibility will lead banks to consider the social and environmental interests of society, besides their financial and economic interests.

The global financial crisis contributed to questioning banks’ social role, and the role of social accounting as a tool to remedy the peril. The root of global financial crisis has often been linked substantially to the significance of a mortgage crisis, declining real estate prices and an inability to pay dues, which arose from poor real estate loans in the United States (Argandona, 2009). However, these reasons may just be the tip of the iceberg. Other reasons have been highlighted, such as bankers' greed and the multiplication of fraudulent operations as well as the creation of perverse incentives and imprudent behaviours, and the poor management of financial institutions and related to that a lack of accountability and transparency as well as an absence of government oversight - laissez-faire and laissez-passer (Argandona, 2009). The reasons behind the global financial crisis may here be summarised in terms of the theoretical framing - too much dominance of the repressive tendency, not enough countering of that by instruments such as a more emancipatory accounting. So, the question, should be answered, to what extent would such a crisis have been averted, if financial institutions had acted more responsibly and ethically, and adopted a more emancipatory social accounting and more enhanced social responsibility. Such a crisis thus indicates how much we need social accounting practice to promote corporate social responsibility. It indicates that we have to strengthen corporate responsibility partly by using social accounting practice to counter the dominance of conventional accounting and the self-interest of managers that drive their behaviour in running banks.

The research study was planned and substantively completed empirically, prior to the recent and on-going crisis in Libya. Looking to the future, it is not easy to predict the detailed character of the Libyan context beyond the last crisis. Nevertheless, it appears to this author that there will be significant continuities between the Libyan context pre-crisis, and that emerging post-crisis. By this, the author understands the continuity of the context of globalisation, and of a concern within Libya to develop with respect to that context. This suggests, in turn, that issues of CSR and social accounting, as seen here, will assume at least the same level of significance as before. With or without this crisis, changing the status quo to the better world has the same importance, but also the current crisis suggests significant political change that may contribute to the emergence of civil society organisations and more democracy.

1.4.2 Contribution of the Research

Social accounting and responsibility for LCBs were relatively unexplored before this study. The research exploration of the actual attitudes/perceptions of various groups in Libya towards social accounting and responsibility practices, and to what extent they are satisfied vis-à-vis social accounting and responsibility, constitutes a new contribution. The study contributes in offering insights on social accounting and responsibility from the perspective of critical and postcolonial theory, bringing insights from the cultural aspects of Libyan society, and illuminating how social accounting should be designed for LCBs.

Contribution beyond the Libyan context: The importance of Libya within its regional and global framework adds to the value of the study. Its contribution goes beyond the specific country context. Geographically, Libyan is very important, as it overlooks the Mediterranean Sea and is close to Europe. Thus, Libya, in general, represents a vital security and economic interest of Europe. Stability and security in Libya influences the European countries, where tens of thousands cross the Mediterranean from Libya: a transit point for Africans, in general, trying to reach Europe illegally. An agreement between Libya and Italy contributed to reducing the number of immigrants significantly (DW, 2009). The recent events/crisis demonstrate/s the importance of Libyan security for Europe. Economically, in the banking sector, Libya has become a magnet for European investors. Libya launched a package of reforms allowing privatisation and the involvement of foreign investors in the banking sector, as well as other reforms lifting barriers to competition (Alwaddan, 2005). Libya announced its aim to grant two or three licences to foreign banks to operate in Libya (Globaltrader, 2009). Many European banks applied for these licenses, based on the financial statements, which showed that the Libyan banking sector's 'per share returns on investment are considered larger than their international equivalents', where the returns before tax in BCD were 55% (BCD, 2005, p.13). So far, there are no studies on social accounting of LCBs. Thus, this study provides empirical evidence of social accounting for banks and contributes to the understanding of the status quo of social accounting and how it should be in the Libyan context.

In other economic sectors in Libya, like oil and gas, European companies strive to get contracts for oil and gas exploitation. Libya has oil reserves estimated at 44 billion barrels of crude. And it has 53 trillion cubic feet of gas. Also, only 25% of the country is covered by exploration agreements, thus Libya represents an attractive investment (OBG, 2008). Europe imports more than 85% of Libyan oil exports, as Libyan oil covers 22% of Italian, 16% of French and 13% of Spanish oil consumption (Al-Awadi, 2011).

Another contribution of the thesis beyond the country context is the lack of social accounting studies in AMENA. Studies held in developing countries have long suffered from neglect in the field of social accounting, especially in the Arab Middle East. For example, before this study, there were no social accounting studies of Libyan banks. Considering the Libyan context could give an opportunity to highlight the Libyan local community's voice and make the local requirements visible. That voice has largely been neglected in Western literature as a result of the lack of studies. Listening to non-Western voices could institute a language of dialogue and co-operation between different civilizations and thus contribute to creating a kind of hybrid system that may be more accepted and appropriate globally - instead of the sole dominance of the Western imperialist voice that has a strong lobby and constrains local intellectual development and thus has westernised the socio-economic environment in less-developed countries.

The study illuminates tension between the ideological thought of a socialist country, and the global dominance of Western capitalistic thought. Furthermore, the contribution of the study is to draw attention to the impact of education and Western thought on the banks and their accounting systems. Accounting is still dominated by Western thought as a result of postcolonial impact and globalisation. Despite the effort undertaken by the State to reject and exclude the Western ideas of capitalism and raise the banner of socialism, the effect of postcolonialism and globalisation is still dominant.

Theoretical contribution: Accounting should be understood in the historical and geographical context, and the impact of the external environment on the local context should be considered (Miller and Napier, 1993; Carnegie and Napier, 2002). Therefore, using postcolonial theory could be seen as a significant contribution to the accounting literature, especially in Libya. Most previous accounting studies in the Arab world did not pay enough attention to postcolonial theory. Libya, like other Arab countries, suffered from Western colonialism for decades, before gaining independence. Moreover, Libya suffered from the presence of several colonisers over a short period. Yet, unlike most Arab countries, Libya after independence adopted (initially) the capitalist system. The educational and professional accounting system was established in the colonial and capitalist reign (Buzied, 1998). Therefore, accounting in Libya was affected to a very large extent by the colonial period. One needs to consider the lack of development in accounting in Libya consistent with the local context, and the influence on Libyan accountancy of international accounting development (Ahmad and Gao, 2004; Shareia, 2010). In Libyan accounting education, the structure and content of accounting courses and the background of accounting academics 'are mainly American and British orientated' (Baker and Russell, 2003, p.201). Also, in Libyan accounting and auditing professions, preference and expertise of accounting companies is UK and US orientated. Moreover, the weakness and ineffectiveness of the Libyan Accountants and Auditors Association (LAAA) led Libyan accounting professionals to adopt the Western style (Baker and Russell, 2003). All this indicates the importance of using postcolonial theory to explain the actual situation of accounting practice and disclosure, and try to change the world for the better.

This study seeks to make an original contribution to knowledge by providing information regarding social accounting practice and disclosure in LCBs that could narrow the gap in the literature about the subject in the Libyan context and beyond. Wherein, the lack of social accounting studies in developing countries emphasises the contribution of this study beyond the country context. The review of literature in this study could be seen as a significant contribution as well, since the review has revealed gaps in knowledge. Moreover, the contribution of the study is highlighted as being particularly timely, where the economy and business sector in general, and banking sector in particular, are in a period of reform and transition.

The other contribution of this study is its attempt, through a critical and postcolonial lens, to fill the gap in knowledge regarding how to design social accounting and reporting, taking surrounding conditions into account. This takes into consideration changes taking place in the LCBs' ownership structure, as well as economic, social and political factors, and gives due consideration to the impact of globalisation, with respect to education, and guidelines from international and global institutions, among other factors. The findings of the study could also be seen as a significant contribution, as they highlight ambiguity and inequality aspects; inequality as a result of dominance of globally the capitalist system, inconsistency between Libyan laws, regulation and ideology, and the absence of NGOs, free trade unions and other liberties in Libya. Because of differing tendencies in disclosure there is also ambiguity in the sense of mixed consequences from disclosure e.g. conventional accounting, mainstream social accounting and the radical form of social accounting. Have differing impacts (in each case there is a different balance of mixed forces) (see table 3.1).

Therefore, this research should enrich the accounting literature by filling the gap in knowledge regarding postcolonial theory and social accounting in developing countries in general, and the Arab countries in particular.

1.5 Motivations and Justification for the Research

The flow of correct and timely information produced by the accounting system is a critical part of the success of any enterprise, including banks. Limiting the information to the financial, without the social, orientates the activity of banks to serve only the financial purposes of banks reflecting the conventional accounting inherited from the colonial regimes or re-enforced under postcolonialism. On the contrary, the availability of social information is a very important matter in order to engage banks with considering the needs and wants of society. This is why social accounting may be seen as an important tool to supersede conventional accounting (while still having regard for the financial), promoting well-being, social development and growth.

Social accounting may be seen as a tool paving the way for social justice and social wealth (Ball and Seal, 2005; Ebner and Baumgartner, 2006). Moreover, social accounting and responsibility may be seen as a tool to address transparency and fulfil accountability, which reflects all bank activity, and make banks' social achievements or otherwise visible to all, widely circulated and discussed, and a tool to enhance democratic dialogue between all parties (see Gallhofer and Haslam, 1993; 1995; 2002; Fiedler and Lehman, 1995). Making social problems visible could be seen as part of the enabling or emancipatory potential of accounting, while bringing nearer the resolution of such problems. Thus, enabling and emancipatory accounting/social accounting for social betterment could be operationalised through making entities' activity visible in adopting a high level of accountability and transparency, as well as considering society's needs. Further, relevant parties require information to identify the banks' performance, and if substantive dimensions of the information they value may be obtained from the financial reports, these reports would be improved by providing information reflecting banks' social initiatives towards the environment in which they operate (EIROnline, 2002; UN, 2003; Adams, 2004; Ball and Seal, 2005).

There are strong indicators of the lack of social policy in the case of Libyan banks. E.g., the financial statements indicate banks' failure in financing key Libyan economic sectors, the agricultural and industrial, which contribute to social development. In 2008, the banks' credit facilities were distributed as follows: industry funding 2%, agriculture funding 1% and trade and special purposes funding 90% (Gheith, 2009). Such distribution indicates that the majority of banks' credit facilities went to non-productive assets, as the figures show. Despite that the State adopted a socialist ideology that assumes banks have to consider society and the public interest; the banks appear to have paid little attention to projects that contribute to social well-being. Moreover, the Libyan public sector including the LCBs had been witnessing a dramatic change reflected in a process of 'reforming' the commercial banks. The State was starting to sell the public sector and engage private and foreign parties. The Libyan government had been trying to move towards a diversified economy under the policy of increasing the State's income. The context provides a rationale for this study. And looking into the near future, this may hold change from a central economy to a more free market economy and relative openness. In Libya, the society for decades depended on the State and its guidance for banks to take into account society's needs, in which respect banks might act under private and foreign ownership. Thus, in light of the dominance of 'repressive' accounting, and the erosion of the State's role in banks and other economic activities, accounting has to be liberated and orientated towards 'emancipatory/radical' accounting reflecting social needs.

1.6 The Thesis Construction

In order to achieve the thesis aims, the study has been divided into seven chapters, covering theoretical framework, literature review and empirical investigations.

Chapter Two: this is the theoretical framework chapter. The chapter focuses on a review of critical theory, methodology and methods. Chapter two aims to highlight theoretical and methodological steps that are adopted in the research. Also, the chapter reviews postcolonial theory and its importance for accounting research.

Chapter Three: this chapter constitutes a literature review of social accounting and responsibility in developing countries. In the first part of the chapter, the researcher gains insights into some of the concepts relevant to social accounting and responsibility, such as: corporate social responsibility (CSRR), corporate sustainability (CSR), accountability and triple bottom line reporting (3BL). The second part focuses on previous studies undertaken on the Arab Middle East and developing countries generally. Countries in the Arab Middle East have some similarities on the face of it influencing social accounting and responsibility practices. Moreover, the literature review chapter includes a focus upon social accounting and responsibility studies of the banking sector as conducted in developing countries. In the discussion and conclusion part of chapter three, the researcher suggested a model/vision of social accounting that could fit the Libyan context.

Chapter Four: this chapter provides a more substantive overview of the Libyan context for the purpose of the study. It is based on the assumption that social accounting is a contextual construct. Therefore, the chapter discusses a historical view of the social, economic and political context. In addition, chapter four analyses the impact of contextual factors upon social accounting and responsibility with regard to the LCBs. The chapter discusses dimensions that determine the contextual framework, which include: Libyan geography, population, religion, socio-cultural aspects and language as well as Libyan education, political regime, the nature of civil society and the LCBs' background.

Chapter Five: This chapter represents the first empirical investigation beyond the contextual analysis, i.e. applying a disclosure index as a part of content analysis to the analysis of LCBs' annual reports. Using the content analysis method, chapter five explores social disclosure by most LCBs with the intention of evaluating the disclosure and developing a critique of it from a critical postcolonial lens. The chapter evaluates social information that Libyan banks disclose as well as social information they withhold from disclosure, the presence and absence of social accounting information in the annual reports analysed. The chapter is divided into two parts, the first focuses on how and why a disclosure index is used in the social accounting literature, while the second focuses on the analysis and discussion of LCBs' annual reports with respect to relevant categories.

Chapter Six: The next empirical investigation chapter analyses interviews with social actors. The first section reviews the importance of interviews in qualitative research in general and social accounting research in particular. Also the first section focuses on why and how the interviews have been conducted. The second section represents analysis and discussion of the social actors' views/attitudes and knowledge regarding the topic under discussion. Shaped by many factors including interviewees' answers, the literature and the theoretical framework, the section is divided into five themes: stakeholders' attitudes/perceptions towards social accounting and the role of banks in society; social accounting and social responsibility practice in LCBs; understanding LCBs' disclosure and non-disclosure; the impact of government's role and ownership structure upon banks' social responsibility; required changes to develop banks' social responsibility.

Chapter Seven: the chapter offers a conclusion and a discussion of ways forward. Findings of all preceding chapters are summarised and analysed. The conclusion and analysis used a critical and postcolonial view to bring forth a vision and prescription for bettering social accounting practices in LCBs. Moreover, the chapter includes discussion of the study's limitations. By the end of the chapter, some recommendations are produced giving consideration to the Libyan socio-cultural, economic and political context.

Chapter Two: Theoretical Framework

2.1 Introduction

In this chapter, the researcher aims to review the theoretical framework and methodology as well as the methods used to conduct the research. For that purpose, this chapter is divided into two parts. The first deals with the theoretical framework employed in the research, with the focus being on critical theory and the postcolonial perspective. The second discusses the methodology adopted in this research, as well as the methods used to collect the data. The research methodology is based on a critical approach to accounting through a postcolonial lens. To explore the relevant dimensions, several research methods are employed, including literature review, contextual analysis (both considered as methods in the simple sense that such a review help to guide a research project and the development of an argument or thesis), content analysis and interviews. These are introduced and justified. As Libya is a postcolonial country, its accounting should be studied by considering the impact of postcolonial and imperial powers on accounting and its social role. Thus, using postcolonial theory as a part of critical theory could enlighten the ways forward for a better world, and help in adopting a more emancipatory social accounting that considers the Libyan context and shifts accounting practice from repressive to emancipatory tendency.

2.2 Theoretical Perspective

2.2.1 Looking for Theory

> Theory is, at its simplest, a conception of the relationship between things. It refers to a mental state or framework and, as a result, determines, inter alia, how we look at things, how we perceive things, what things we see as being joined to other things and what we see as 'good' and…'bad' (Gray et al., 2009, p.6).

Theory is defined by the Cambridge Dictionary (2009) as 'a formal statement of the rules on which a subject of study is based or of ideas, which are suggested to explain a fact or event or, more generally, an opinion or explanation'. Generally, everyone understands and analyses the world around him/her in accordance with a level of perception, culture and beliefs. This understanding will frame a person's paradigm and help to build a theoretical vision of events. Even if someone thinks that he/she is working without theory, he/she is actually working with some kind of theory that may be 'either little examined or little supported' (Gray et al., 2009, p.38). Thus, 'we are continually working with "theories" of one kind or another' (Nowlan, 2001, p.1). Further, one may argue that judgments and beliefs are often not fixed. Instead, they change, over time/dependent on circumstance and attitudes, and thus the theory may also be changed, and the level and type of criticising. For Krauss (2005, p.760): 'the researcher is a unique individual and…all research is essentially biased by each researcher's individual perceptions'.

The question might arise here, why should the researcher reflect on the adoption and adaptation of theory? This is because there are different approaches. If someone were to assume they could develop a descriptive theory by simply 'observing', this would overlook perceptual biases and issues of interpreting meaning (Gray et al., 2009). Consequently, it may be inferred that searching for an appropriate theory represents a key part of the research process. And: 'the lens of theory enables us to evaluate practice and policy against criteria that we deem appropriate' (Gray et al., 2009 p.3). Moreover, there is a strong and mutual relationship between theory and research, where theory determines the kind of data that should be collected and outlines prior argumentation. Especially in researching the social, researchers also use description and interpretation, and thus require a specific approach and theory (Fawcett and Downs, 1986; Bulmer, 1986).

2.2.2 Theories in the Social Accounting Field

In recent years, social accounting has gained the attention of many academics and researchers. Different understandings of social accounting have emerged in the literature, reflecting and constructing different positions, perspectives or theories on social accounting and reporting. Brown and Fraser (2006, p.104) divided social accounting theories into three groups: 'the business case, stakeholder-accountability and critical theory approaches'. Also other scholars named them respectively as the managerialist approach, the middle-of-the-road approach and critical theory (Tinker et al., 1991; Gray et al., 1996; Gray and Collison, 2002; Deegan, 2002)[1]. It is appropriate to look briefly at these approaches/theories adopted in social accounting research before turning in more detail to critical theory. This is to justify why critical theory is more appropriate to this research.

2.2.2.1 The Business Case or Managerialist Approach

The business case or managerialist approach pays little attention to the conflict of interest between business and society (Brown and Fraser, 2006). Accordingly, social accounting is seen as a tool to increase wealth for shareholders and enhance reputation, transparency, risk awareness and financial value (WBCSD, 2003, p.15). Social accounting and reporting are also perceived to have positive implications for improving the company's image. Gray and Bebbington (2000) believe that this method is inconsistent with social accounting's basic rationale. They perceive even, with respect to a social desideratum of sustainability, the business approach to accounting is contrary to sustainability. Thus, such an approach reflects a kind of hegemonic Western imperialist social accounting that mainly focuses on business organisations' needs, and is closely tied to the economic base.

2.2.2.2 The Middle-of-the-Road Stakeholder Approach

Tinker et al. (1991) termed this approach as 'middle-of-the-road', located between the business case and critical theory approach. In short, this approach is understood as

[1]There are other divisions of theory, including: meta-theory, meso-theory and micro-theory. For Gray et al. (2009, p.10): 'Meta-theory concerns 'grand' theory that tries to offer a broad explanation of the major sweeps of influence that structure and are structured by our societies, economies and cultures. Meso-theory works at a higher level of resolution and deals with a more recognisable level of theory wherein we might talk about elements in society, organisations and groupings. Finally, there is micro-theory that is focused and specific'.

indicating that entities' responsibilities go beyond their narrowly conceived economic activities to address the impact of such activities on society and the environment (Tinker et al., 1991; Gray and Collison, 2002; Deegan, 2002). Accordingly, this approach builds on the notion that organisations have an inherent duty to stakeholders beyond mere economic achievement to a more holistic economic, social and environmental duty. The level of transparency and accountability is deemed to depend on the presence or absence of stakeholders' engagement in entity processes and reporting (Brown and Fraser, 2006). The approach is understood as at least risking a compromise from a critical perspective that falls into the position whereby the status quo is more supported than challenged, even if - another dimension of theoretical complexity - stakeholder thinking or orientation may be integral to at least more pragmatic varieties of social accounting from a critical perspective (Gallhofer and Haslam, 2003). Thus, middle-of-the-road or 'mildly progressive' is considered by some critics as a counter-radical form of social accounting while others see approaches aiming at gradual social progress as consistent with a more pragmatic variety of critical perspective.

2.2.2.3 Critical Theory Approach

While advocates of a critical theory approach may variously see stakeholder engagement and transparency in positive terms, they see the relationship between the organisations and the community in a way that is contextual and reflective of the imperfect and conflictual character of the context. Organisations are part of society and for critical theory should act in the interest of that society. The contextual appreciation shapes the position here. From a critical perspective, Fay (1975 p.94) argues that:

> "Critical theory is rooted in felt needs and sufferings of a group of people, and therefore it is absolutely necessary that a critical theorist come to understand these actors from their own point of view, at least as a first step".

For this study, the researcher adopts critical theory as an approach for the purpose of collecting and analysing data and theoretically developing research findings. Therefore, the following will focus on the definition and nature of critical theory and its usage in accounting research. Also, it will argue why this approach is appropriate for social accounting research, this being for several reasons that will be elucidated.

2.2.3 Critical Theory Introduction: How is it understood in the Literature?

The end of the eighteenth century in Europe, which represented an era of Enlightenment, may be considered as providing substantive roots for critical theory. In that period, societies were starting to rethink religion and traditions as a basis for social life, to be replaced by science and reason as a priority (Nowlan, 2001). Critical theory as a special social philosophy type grew in the cradle of the Frankfurt School, constituted by members of the Institute of Social Research from 1923 (Laughlin, 1987; Seiler, 2009).

Critical theory, according to Macey (2000, p.74), represents:

> 'theories which take a critical view of society and the human sciences or which seek to explain the emergence of their objects of knowledge'.

For Nowlan (2001, p.1):

> 'the intellectual articulation of the conviction that modern capitalist society cannot - at least not without significant reformation or substantial transformation - realise the Enlightenment ideal of an enlightened - that is, a rational, just, and humane - society'.

For Chua (2004, p.259):

> 'A critical theory, then, is a reflective theory which gives agents a kind of knowledge inherently productive of enlightenment and emancipation'.

And for Laughlin (1987, p.482):

> 'Critical theory is a vehicle through which understanding about reality can be achieved and transformation of concrete institutions occur'.

It is not easy to give a straightforward definition of critical theory. This is because: '(a) there are many critical theories, not just one; (b) the critical tradition is always changing and evolving; and (c) critical theory attempts to avoid too much specificity, as there is room for disagreement among critical theories' (Kincheloe and McLaren, 2005, p.303). Besides, although there has been progress, many variants of critical theory have not been given very significant attention among accounting academics (Laughlin, 1987).

For this author, among the most important characteristics of critical theory is that it does not merely provide a descriptive historical and explanatory perspective, but also provides for methodological tools of change for the better. Critical theory does not claim to guarantee change to society and its institutions; instead, through critique and challenging the status quo, critical theory aims to further the possibility of progressive change and development. Thus, it could help to change the status quo for the better world that reflects more fully emancipatory accounting. For Laughlin (1987, p.483-84), in accounting research, there are three characteristics of critical theory, which include:

> 'critical theory proposes dynamically linking theory to practice…critical theory sees critique, change and development as vitally necessary components of the practically based research endeavour…critical theory views social organisations in an historical and societal context'.

Practically, questions to consider here are how should critique be operationalised, and what should be the focus of critique? The bases of a critical theoretical perspective are constituted in three dimensions: understanding critically (as problematic) the current situation, envisioning a better world and seeking ways forward. A critical theorist does not claim full ownership of the ultimate truth - everything is subject to criticism. Actually, what distinguishes the theory is not its ability to bring change, but to promote change, where it is flexible and not static, since it is changing according to social circumstances, outlook, and the nature of the problem (Kincheloe and McLaren, 2005). For Held (1980, p.183), 'critical theory aims to assess the breach between ideas and reality...words and deeds'. In terms of the relation between theory and practice, critical theory not only delineates the better but seeks to bring it about in the real world.

Critical theory should be understood to be more far-reaching than what some suppose. It should not focus only on negatives, problems and unclear areas that represent possible errors. For Held (1980, p.24), there has been a negative side of critical theory, where 'critical theorists frequently criticised the works of others'. At the same time, Dahms (2008, p.28) suggests 'critical theory is not merely critical…'. Accordingly, critical theory must not focus only on the negatives and failures, but also examine the whole situation with its advantages and disadvantages, in order to achieve emancipation to what is the better and the best, and look for and focus upon positive potentialities. Therefore, to effectively use critical theory, it is suitable to follow the steps: '1. diagnosis and critique of the world as it exists; 2. envisioning viable alternatives; and, 3. a theory of transformation' (SSCC, 2009, p.7).

The accounting of many organisations is substantively conventional and considered substantively technical, and is considered a counter radical form of accounting. The question has been raised as to how to use critical theory in accounting. According to Laughlin (1987 p.481), critical theory could be used 'as research methodology and practical intervention for accounting systems design'. This is consistent with a critique of the accounting status quo due to its neglect of social responsibility. For Laughlin (1987 p.482), the 'primary concern of all critical theorists was, and still is, with a historically grounded social theory of the way societies and the institutions which make them up, have emerged and can be understood'. Hence, to promote/create a new reality, we must understand the current reality. Accordingly, critical theory may be described as a tool to understand and interpret both social and technical accounting aspects to reach a new situation (see Laughlin, 1987, Gallhofer and Haslam, 2003, 2008). The criticism recommended that the accounting system should be replaced/reformed by adopting a more holistic accounting/social accounting, and shifting accounting practice from a repressive to emancipatory tendency (Gallhofer and Haslam, 2003).

2.2.4 Critical Theory and Accounting Research

For Gallhofer and Haslam (2003, p.6):

> 'Accounting has been theorised critically, interpretively and contextually as a social practice that is problematically constituted and has problematic consequences'

That approach can be seen as a comprehensive view of accounting. However, for many, accounting appears in the form of numbers, double-entry and budgets, so it seems at face value like something that is just technical (Davis et al., 1982; Jones, 1990). For Laughlin and Lowe (1990, p.17), accounting is delineated as:

> 'A formal system with structural and behavioural characteristics whose terms are expressed in fundamentally financial form, whose meaning is derived from the organisation of which it is an integral part'

Views of accounting going beyond this have emerged in critical thought, especially with regard to social accounting. These views echo and re-position older notions of accounting as rendering an account that is not necessarily in financial terms. Especially from the late sixties and early seventies (but with a much longer genealogy), the social accounting construct has considered a triple bottom line, of economic, social and environmental issues, which has especially indicated a non-financial accounting as well as an accounting that goes beyond a narrow economic focus, as in the private sector, restricted or blinkered to a concern about shareholder financial wealth (Gallhofer and Haslam, 2003).

Accounting is involved in an entity but also is part of the society in which the entity operates. Accordingly, accounting should properly extend its role within society (its emancipatory potential). This role includes the interests of the company, but is not limited thereto. Jones (1990, p.277) wonders to what extent accountants and companies are ready to consider and apply such potential change, and regardless of reactions and convictions what the change may entail. Critics have not been happy with accounting's conventional role, confined within narrow requirements of the entity and boundaries (Tinker, 1985).

Notwithstanding, accounting focusing on social and financial issues may not be able to solve the social problems resulting from the company's activities. One should not expect accounting to solve those problems by itself (Boyce, 2000). The role of accounting in helping to solve social problems is due to its being a source of information/disclosure. Enabling and emancipatory accounting/social accounting for betterment could be translated through making entities' activity visible, by adopting a high level of accountability and transparency (Gallhofer and Haslam, 2003; 2007; 2008). Also, social accounting may, under the principle of a reasonable degree of transparency, stakeholders' awareness and clear entities' policies, meet the needs and wants of a wider section of society, rather than just shareholders (Ball and Seal, 2005).

This discussion about the current accounting context stemmed from the view that the status quo of accounting is problematic in terms of accounting's social role. An implication is that current accounting design should be developed to consider the social context. This includes considering the impact of globalisation. An economic entity existing in society affects, and is affected by that society. If companies are granted the freedom to gain and reap profits from society's resources, society may also expect corporations to act responsibly and pay attention to all society—to all social impacts - by reviewing and improving administrative policies for society (Cooper and Sherer, 1984). Thus, the main concern here in using critical theory is the emancipatory intent, which is the intent to change for the better by enabling the potential of accounting; so accounting emancipation attempts to distance accounting practice and disclosure from being repressive.

Even if something needs to change it may not have to be changed totally or directly/immediately and some things may need to change more than others (see Laughlin, 1995, p.84). Moreover, one cannot make absolute judgments about situations of which one is ignorant, so the situation should be investigated empirically, with the assumption that there is nothing totally right or wrong. The change of the status quo to a better state represents a major concern for Spence (2006, p.19), who expressed the view that 'concern arises from the suspicion that the researcher's view of an 'ideal' world may be as flawed as that of the status quo'; although this is clearly a pessimistic view if it suggests inaction. Thinking regarding the current situation leads to activation of debate about the best change.

For Garrett (1980, p.25), social accounting promotes the activity 'to look beyond the profit line and evaluate, in a comprehensive way, the social costs and benefits of doing business'. For Gallhofer and Haslam (2003, p.106):

> 'social accounting has been mobilised as an accounting challenging conventional accounting and, on the face of it, as an accounting reflecting a concern to go beyond narrow instrumentalism'.

Gallhofer and Haslam's (2008) 'model' (elaborated as a pedagogic device) elaborates key dimensions of critical theory vis-à-vis accounting: understanding accounting in context; envisioning better accounting in context; and seeking ways forward.

2.2.4.1 Gallhofer and Haslam's Critical Systems Model (CSM)

Figure 2.1 represents Gallhofer and Haslam's critical systems model, which is intended as a pedagogic device to introduce the nature of a critical theoretical perspective, but which may serve as a framework for elaboration here. The left hand side of the model represents the current status quo of accounting, which is understood to be problematic. The right hand side represents a fully or more emancipator/better context from the researcher's/focal actor's perspective. The change to the better envisaged is through the strategy envisioned for transformation, 'T'.

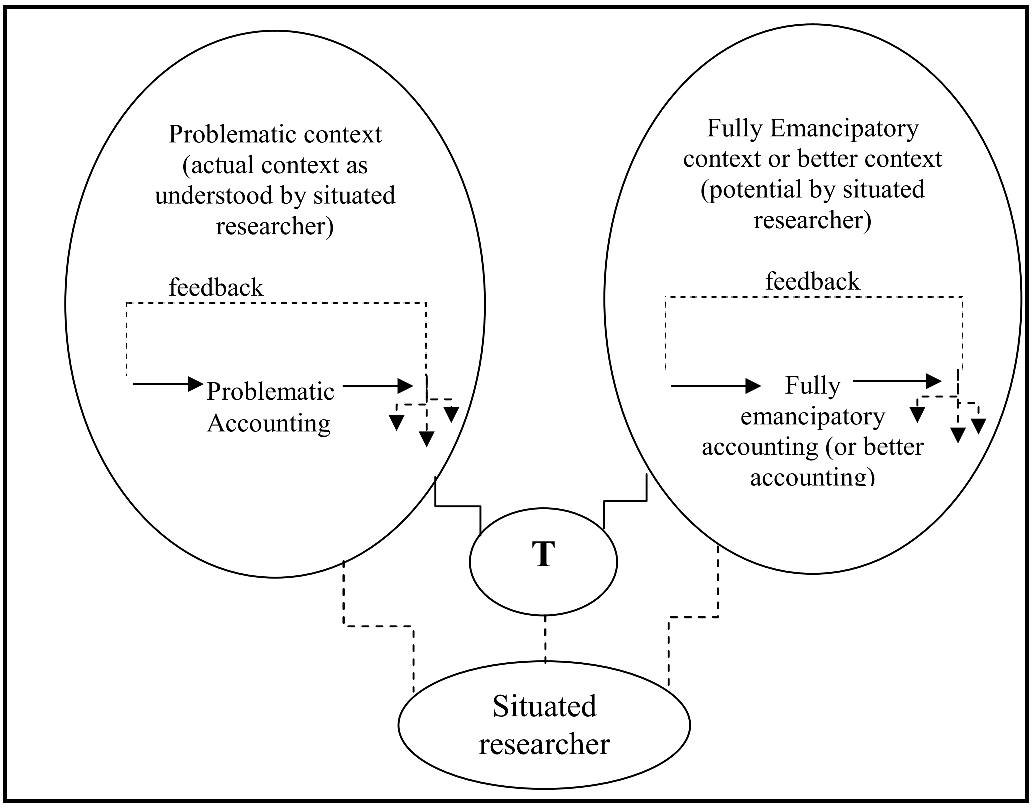


Fig 2.1 Critical Systems Model, adapted from Gallhofer and Haslam (2008, p.13)

[T= Envisioned strategy of transformation reflecting tension between actual and potential]

The model reflects key aspects of a critical social analysis, built on several assumptions. The assumptions consider accounting as a social phenomenon embedded in a specific social context of which it is part; thus there is a mutual influence between accounting and its context. The context has geographical, cultural, social and historical aspects, which play a significant role in shaping accounting. A critical theoretical social analysis has a strong reflective dimension, and the researcher strives to be aware of her/his situated-ness, which suggests caution and pragmatism, but not resignation. Thus, the interpretive view prevails in clarifying relationships. Current accounting is considered problematic, and the critical researcher seeks to transform things for the better. In many of the model's usages a kind of broadly understood social accounting acts ‘to facilitate social responsibility and active citizenship’ (Gallhofer and Haslam, 2008, p.13). Thus, accounting is conceived of vis-à-vis a strategy to change, as well as in the better context (Gallhofer and Haslam, 2003, 2008)

A key dimension of the model, as operationalised, is the idea relating to the key role of accounting in contributing to resolving social issues, by making social problems visible and widely questioned. Therefore, it is important to provide the relevant information, whether as part of the main corporate annual reports or in separate reports. Such information includes but is not limited to financial information. At a later stage, a company may be not the sole source for such information, but the information might represent company and non-company sources. Before proceeding to conclude this discussion about critical theory and accounting research, it is appropriate to highlight the justification for using critical theory in social accounting research.

2.2.5 The Justification for Using Critical Theory in the Social Accounting Field

The key justification for using critical theory in the accounting field is to facilitate liberation/emancipation beyond the status quo (Gallhofer and Haslam, 2003; 2008). Many academics embrace the notion of developing accounting for the community. This idea builds on changing conventional accounting towards a new accounting (Laughlin, 1987; Tinker et al., 1991; Boyce, 2000; Gray, 2002; Gallhofer and Haslam, 2003; 2008; O’Dwyer, 2005; Brown, 2009). Such a new accounting reflects stakeholders’ dialogue.

Some attribute accounting’s limited or restricted role to the absence of mandatory standards and legal requirements to govern accounting’s potential (Bebbington and Gray, 1993; Ed Mayo, 2001; Pearce, 2002; Lodhia, 2003). At the same time, there is the critical view that entities’ attitudes and actions towards society should not be in accordance with legal or legalistic requirements alone but also with principles of social and ethical responsibility, which are consistent with the economic, political, cultural and social environment surrounding the entity. The latter environment may be forceful if civil society is properly functioning (Gallhofer and Haslam, 2003; Kurihama, 2005; Blowfield and Murray, 2008). In Libya, there is no mandatory requirement for social disclosures beyond the economic and financial activators that may be seen to serve conventional objectives of the organisations and enhance conventional accounting implementation.

2.2.5.1 Critical Perspective on Accountability to Stakeholders

The approach emphasising accountability to stakeholders has been criticised for tending to support the status quo rather than challenge it (Tinker et al., 1991; Gallhofer and Haslam, 2003). Critical theory sees the issue, in part, as beyond business organisations themselves, where the issue lies in the current socio-economic and political system, which needs gradual but radical change. Nevertheless, some critical writers see stakeholders' engagement, dialogue, transparency and accountability to be acceptable from a more pragmatic critical theory, if only part of the way forward. For example, enhancing accountability and stakeholders' engagement could make the entity disclose more social information, beyond conventional accounting (and that might be enough to bring about some progress). At the same time, there is a risk of such accounting coming to be relatively captured by problematic forces. However, even mainstream social accounting, typically understood to have counter-radical effects, is known, potentially at least, to be progressive in terms of its effects (Gallhofer and Haslam, 2003). However, applying the pragmatic concept, we may see positive potentialities in mainstream social accounting. In addition, mainstream social accounting might be considered as suitable in a period of transition; so critically, we can deal with it, while focusing on gradual change. The main argument here is that major revolutionary change in the socio-political order might bring about serious negative consequences, and so gradual and pragmatic change is preferred (Gallhofer and Haslam, 2003).

2.2.5.2 Stakeholders' Engagement and Dialogue: A Critical Perspective

For Reed (2002 p.170): "stakeholders, who can be defined in terms of the need of management to take them into consideration when trying to achieve their goals." Stakeholders' engagement and dialogue are considered as key for social disclosure. Consistent with the above, some critical writers see a positive dimension to it. There is also a more negative side, (e.g. distorted communication, unequal relationships, lack of openness and displacement of key issues). Further, there is insufficient evidence in "social and environmental reports that such engagement and dialogue are actually taking place" (Unerman, 2007 p.86). Unerman (2007 p.90), also argued that.

> "social and environmental reporting can only be regarded as sustainability reporting if it is structured in such a manner as to help in holding the organization (or its managers) truly responsible and accountable for all of their social and environmental impacts on all stakeholders – not just for those impacts or activities prioritized by the organization's managers" (see: Bebbington and Gray, 2001)

Mainstream social accounting may also be used by managers to secure legitimacy and support from stakeholders to achieve the main goal of the organisation in profit maximisation (Unerman, 2007). "Increased profit may be regarded as the prime motive underlying CSR and social and environmental reporting within 'win-win' perspective" (Unerman, 2007, p.90). It appears that under the current economic system, the main concern of a business organisation is achieving as high a profit as possible, even under the pretext of social values, whatever the other consequences or implications. Notwithstanding, considering stakeholders' dialogue and engagement is used by organisations for the purpose of increasing shareholders' value; for example, considering shareholders and some key stakeholders, while ignoring others (e.g. future generations and the environment). Furthermore, an organisation might use the range of mutually exclusive demands between stakeholders to set its own agenda (Adams, 2002). It is insufficient to rely on organisations' policy or strategy for social responsibility. Habermas offers democratic dialogue as a road map based on the principles which allow all stakeholders to speak, question, act and express attitude and desires, without any restrictions or preferences for the group over another (Habermas, 1992). In this regard, Bronner (1998 p.3) argues that "realizing accountability is possible only through democratic institutions". For Bronner (1998 p.1), "Accountability is the lynchpin for any institutional notion of empowerment...Accountability is not merely a metaphysical or discursive concept, but the practical fulcrum for making judgments concerning the democratic character of existing institutions." However, even if we assume that organisations hold a democratic dialogue, some might be able to present more arguments and expression than others; indeed, some cannot participate in democratic dialogue, for example, future generations/ the environment (Unerman, 2007). However, future generations/the environment can potentially be represented by unions and civil society organisations. For Bronner (1998 p.1), unions

> "have increasingly become preoccupied with the narrow economic concerns of their constituencies while labor parties have entered the mainstream and ignored issues dealing with identity or the quality of life under advanced capitalism."

Related to the above discussion of negative dimensions, Frink and Klimoski (2004 p.11) deemed that accountability is not something totally positive, but may take on a dark side, where it "produces organizationally desired outcomes." This may take the form of providing 'good news' and showing the positive aspects, while reducing the negatives, to polish the image of organisation. Therefore, the organisation's report here could be seen as a tool of disinformation. "We must face up to the fact that all accountings are simultaneously non-accountings, that making things visible makes other things invisible" (Power and Laughlin, 1996, p. 461). So, the real dialogue and engagement could come from the elite in society, seeking to achieve their own interest; thus, social accounting/accounting then takes on a repressive tendency. For Reed (2002 p.170), "One of the defining characteristics of a critical theory approach to stakeholder theory is that it views modern capitalist business, dominated as it is by transnational corporations." Unerman and Bennett (2004) argue that any movements must include democracy, and dialogue, and should move social and environmental responsibility from profit orientation towards holistic social accounting. In this regard, we cannot trust the entity itself to organise stakeholders' dialogue and engagement, as the entity is most of the time working towards an economic goal. From a critical perspective, the difference between the aspects of the stakeholder approach "is explained by the fact that they make different types of claims and involve different forms of reasoning for their justification" (Reed, 2002 p.170). This is why Donaldson and Preston (1991 p.87) argue that the stakeholder approach "is managerial and recommends the attitudes, structures, and practices that, taken together, constitute a stakeholder management philosophy." The lack of democracy and public freedoms in many developing countries, makes stakeholders' dialogue ineffective due to the entity/managers' wishes to choose who are included or/and excluded. For Reed (2002), the differences between developed and developing economies[2] make the criteria of participation and dialogue different.

2.2.5.3 Institutional Legitimacy from A Critical Perspective:

The term, legitimacy, was used in most accounting disclosure studies; however, few of them define it. According to Suchman (1995, p.574),

> "Legitimacy is a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions…Accounting practices from such a perspective are represented as tools for documenting institutional compliance or as means for seeking external legitimation" (Rahaman et al., 2004 p.36).

[2] Reed (2002 p.181) classified them under four basic categories, "geographic reasons [and] precolonial [e.g]., feudal economic relations, traditional property laws, and cultural…the impact of colonialism...national governments in postcolonial states have often undertaken policies that have limited the role of markets rather than encouraged their emergence... Finally, international economic institutions [e.g]., International Monetary Fund, International Bank for Reconstruction and Development, World Trade Organziation"

Institutional legitimacy concerns how organisational structures have obtained acceptance from society (Tilling, 2004; Hui and Bowrey, 2008). Legitimacy does not involve a specific tangible physical form, but depends on a collective assessment from those, who are around the organisation (Hybels, 1995). Thus, who can give legitimacy, and in what sense can an organisation claim it has institutional legitimation, are key issues. Discharging accountability could be seen as attempting to obtain institutional legitimation. Arguments related to accountability and stakeholders' dialogue (discussed above) make legitimacy questionable; thus engaging an organisation in a crisis of legitimacy. A legitimation crisis occurs when the more powerful group imposes legitimacy to create a 'pseudo-legitimacy of the system' (Dobrohoczki, 2007 p.24), as a result of governance by 'the forces of the market, not the forces of democracy' (p.5). Thus, the legitimation crisis led to 'Institutional Isomorphism'[3]. Isomorphism emerged from the legitimacy crisis and political influence, and also, in this regard, the elite's wishes and own interest could raise isomorphism. The term, 'institutionalise', refers to how the environmental factors influence an organisation to be responsible and accountable (Amran and Devi, 2007).

Using critical theory in this study meets the researcher concern about social accounting as well. Social accounting was inspired from the Western context, yet Western social accounting is described mainly as counter radical social accounting that failed as an emancipatory tool in society, as it considered the entity's needs and stuck with a narrow economic focus (Gallhofer and Haslam, 2003; Spence, 2009). Accounting must be examined within its social, political, economic, geographical and historical context; aspects which play a significant role in shaping accounting (Miller and Napier, 1993; Carnegie and Napier, 2002; Gallhofer and Haslam, 2008). In Libya, key historical roots of today's

[3] According to DiMaggio and Powell (1983:149), isomorphism is a "constraining process that forces one unit in a population to resemble other units that face the same set of environmental conditions".

conventional accounting grew in the womb of the colonial era. Thus, accounting education, the accounting profession and the accounting system could be seen as substantively shaped by colonialism and reflect the values of Western imperialism and the repressive tendency. Such values have remained very influential in the Libyan context (see chapter four). This narrative suggests the potential usefulness of considering postcolonial theory as a way of developing the critical approach and explaining the status quo of accounting disclosure and practice, and indicating how it may be improved using the postcolonial lens.

2.2.6 Postcolonial Theory

Nations in developing countries are striving and seeking to assert their local, traditional values, but the colonial experience and its aftermath, has imposed other values on the local context of the Third World. These new values promote colonial ideology, and continue even after independence.

For Steger and Carver (2009, p.4-5), postcolonialism may be seen as:

> "a discursive or theoretical standpoint that opposes Eurocentrism in all its forms, not just when deployed by a geographically demarcated West upon a non-West....A postcolonial perspective is an invaluable ally in the struggle against the hegemony of the idea of the market as the sole and best arbiter of decisions about the allocation of resources, the means to alleviate poverty, and the collective well-being of the planet as a whole."

Postcolonialism is a relatively new term, being recently coined. In the seventeenth century, the word 'colony' emerged in the French language, and referred to the control and administration of a foreign power in the lands of others (Erickson, 1998). According to Sugirtharajah (2004, p.247), three major events have contributed to the arrival of postcolonial discourse: the collapse of the Soviet socialist experiment, the rise of global capitalism and market economies, and the 'loss of political momentum among the Third World countries that had covenanted to create a non-aligned movement'. For Echtner and Prasad (2003, p.668), a colonial discourse adopted by the coloniser, for the purposes of expansion and consolidation of colonial power, was among the reasons for the continuation of the impact of colonialism on the Third World countries. That discourse still dominates the colonised countries by soft power, a mind-based colonialism rather than a physical or legalistic form (Gandhi, 1998).

Postcolonial refers to 'beyond', as well as 'after' colonialism. Regarding the latter, postcolonial theory explains colonialism's legacies for colonised countries, especially in the Third World. Postcolonial theory covers most aspects of life that might be influenced by the colonial experience, such as 'migration, slavery, suppression, resistance, representation, difference, race, gender, place, and responses to the influential master discourses of imperial Europe such as history, philosophy and linguistics, and the fundamental experiences of speaking and writing' in addition to political and economic issues (Ashcroft et al., 2003, p.2; Gandhi, 1998). Influences on the Third World are understood to promote Western values to some extent at the expense of the local cultural identity of the colonised, neglecting local contexts. Also, focusing on practice in Western contexts contributed to the neglect of the local context for many countries.[4] Erickson (1998, p.5) understands postcolonialism:

> "to elide cultural and national particularity between non-Western nations under the umbrella category postcolonial".

At the same time, he notes the tendency 'to view ethnic and cultural groups as discrete entities characterised by a theoretical polarity existing between the so-termed West and the non-Western, the colonial and the postcolonial' (Erickson, 1998, p.5).

[4] Graham (2009) reviewed prior literature in the Accounting, Auditing & Accountability Journal (AAAJ). Graham (2009) conducted research on AAAJ's role in creating the proper social environment for accounting research. The research findings included an indication that accounting researchers mainly used Western academic practices in the construction and production of academic knowledge.

The end of the colonial era, with the survival of the coloniser's impact, could be seen according to Mir et al. (2008) as neo-colonialism or a continuation of Western domination, without the traditional tools of occupation or the expanding of territorial boundaries, which is replaced by various political, economic and intellectual forms of control. For the Third World nations, independence did not necessarily mean the end of colonial impact, but that they were subject 'to overt or subtle forms' of colonialism, or neo-colonialism (Mir et al., 2008, p.221). Among these relics of colonialism is the classification of countries between Third and First world, which is rejected according to the postcolonial paradigm. Sugirtharajah (2004) deemed that the Third World passed through three stages, which are precolonial, colonial and postcolonial. Postcolonialism refers as noted to an era of time, but criticism and analysis are not limited to that period, because the impact of colonialism may extend for long periods so the criticism considers those periods. One should seek to dilute any prior assumptions, as the coloniser is not necessarily greedy and evil, and the colonised is not necessarily innocent and generous. Thus postcolonialism is concerned to explore the complex interaction between 'the invader and the invaded' (Sugirtharajah, 2004, p.250). Postcolonial theory assumes that understanding the status quo must come through understanding the historical experience of colonialism, through capitalist development, occupation and intellectual domination (Sugirtharajah, 2004).

Postcolonial theory is not the only theory that linked colonialism with Western hegemony. Before the emergence of postcolonial theory, Marxist anti-imperialist thinkers presumed colonialism linked to expansion of the market economy and the spread of ideas from the Western world. For Gandhi (1998, p.24), postcolonial analysis 'rarely acknowledges a genealogical debt to its Marxist predecessor'. If the emergence of postcolonial theory may reflect failings or the narrowness of Marxist theory in criticism of colonial history, Marxist thought has been subsequently nearly ignored by many focusing on postcolonialism.

For many, globalisation is a continuation of colonialism, and hence, may be seen as another face of colonialism or a complement of colonialism. For Bakre (2004, p.25), the world of 'the developed capitalists' has changed the paradigm from colonialism to globalisation, which is 'essentially another name to describe the current characteristics of postcolonial modern economic imperialism'. The coloniser's adopted discourse still dominates the past colonised countries through projection of soft power, which is very evident in the context of globalisation. For example, globalisation's impact has generated an accounting practice and disclosure consistent with Western values, i.e. to some extent, the values of former colonisers. Manassian (2007) indicated that international accounting contributed to linking globalisation with the local national economy. These values were reinforced in developing countries using tools, such as education, and culture. Therefore, social accounting may have the objective of replacing conventional accounting, but only with a new accounting that considers 3BL instead of 1BL. Modern liberalism and globalisation are, in effect, movements attempting to impose political and economic concepts beyond the local interests of colonised nations. Thus, local power becomes secondary to foreign powers, as a result of the spread of colonial thought, and the relative dominance of liberalism and globalisation, including institutions such as the IMF and WB (Held and McGrew, 2002).

2.2.6.1 Literature of Postcolonial Theory in Developing Countries/The Arab World

Postcolonial theory is scarcely exploited in analyses of the Arab world, especially in accounting research, in spite of fact that the Arab States experienced long periods of Western occupation (see: Kamla, 2007; Gallhofer et al., 2011). McLeod (2007) reported some reasons behind the lack of postcolonial studies in the Arab world, which include that most postcolonial studies have been written in the UK and USA. Moreover, the presence of some difficult terminology and 'sometimes quite baffling vocabularies', make researchers who are not well versed in the language avoid going into the theory (McLeod, 2007, p.13).

However, there are certainly other reasons, which include that some researchers prefer to use other theories available in the literature of accounting. Furthermore, postcolonial theory is relatively new, compared to other theories in accounting.

In hostility and clear antagonism to the Western colonial legacy, the Libyan State ostensibly sought to abolish dimensions of the Western heritage. Over the past three decades, the State enacted laws prohibiting use of foreign languages in official transactions, trade and even street names. The State prohibits use of foreign names or logos, which reflect the 'relationship of reciprocal antagonism and desire between coloniser and colonised' (Gandhi, 1998, p.4). However, these and other steps scarcely alleviated Western dominance in the Libyan context. The State scarcely appears to have sought to find alternatives to what the colonists had left.

Shareia (2010) tracked the historical development of the accounting profession in Libya and the challenges it faced, by reviewing accounting literature and archival research. The findings of the research reflect that under conditions of instability in government institutions, and the unique cultural and social structure in the Libyan context, the accounting profession faces many challenges in helping the country achieve its development goals. The research referred to the colonial experience Libya underwent and its impact on the economy before the country adopted its socialist system. The research clearly indicates that educational and professional accounting in Libya does not properly reflect the local context and its demands, and is strongly influenced by Western values.

This gives insights into the reality that getting independence and the end of land occupation does not mean the end of colonial impact. For Gandhi (1998, p.16), the impact of colonial power is more than marketing Western values and culture on other colonised nations, as 'the "West' attempts systematically to cancel or negate the cultural difference and value of the ‘non-West’”. Postcolonialism indicates ‘colonial plunder’ and Western domination in all areas based on Western sophistication coupled with under-development of the East, which reflects the ‘rise of the West in terms of its individualism’ (Steger and Carver, 2009, p.31). The coloniser has carried the assumption of racial superiority and superior scientific and cultural heritage. Thus, they have often in effect sought to impose their values in all areas and branches of culture and displace the values of others. Often, the Western values remain in the colonised countries, where there may be a vacuum and no clear alternative. E.g., in Libya, accounting education and accounting standards are basically Western, as there are no local standards to replace the international standards. The accounting curricula are not developed to take into account the local context, and indeed blur the culture.

The impact of postcolonialism and globalisation on accounting education and the profession renders the accounting role in the local context questionable. Annisette (2000) indicated that the professional accountancy bodies that emerged from colonialism’s womb usually work to serve the colonial interests. In Libya, e.g., business organisations depended on foreign accounting bodies from Italy and the UK, as the local bodies emerged after independence in 1952 (Ahmad and Gao, 2004). Moreover, Saleh (2001) indicated that the accounting system brought and used by British and American Oil corporations in Libya since the early sixties, represents the main influence on local accounting practices. In Syria, as well, Gallhofer et al. (2011) point out the impact of international accounting standards and international firms’ competition on the local context. By using face-to-face interviews, Gallhofer et al.’s study critically explores Syrian accountants’ perceptions. The study also critically evaluated globalisation’s impact on Syria’s accountancy profession, implicating the impact of Western values in Syria.

Irvine (2008, p.125) investigated the interaction between the International Accounting Standards and International Financial Reporting Standards (IFRS) of the IASB, and the local accepted accounting principles in the United Arab Emirates (UAE). The impact is understood to show the external pressure on the UAE and other emerging economies to apply international standards. It reflects the impact of globalisation on the 'institutionalisation of a new regulatory regime'. For Irvine, such pressure did not enable the State to develop its own standards consistent with the local context. In Africa, hundreds of universities were established after independence. Despite the increase in the number of universities and the spread of education, for Mama (2004), the repercussions of globalisation and postcolonialism have constrained African intellectual development by blurring the local identity and replacing it by Western values. Some studies have argued the same vis-à-vis accounting education in Africa (Woolman, 2001; Mama, 2004; Teferra and Altbach, 2004; Brock, 2011).

Woolman (2001) criticises colonial education and its impact on national development, as the African educational system has been built to maintain the colonial interest. Hence, it is necessary to rebuild education to comply with indigenous traditions. The colonial educational system has undermined traditional societies in Africa by importing the values of Western imperialism, as well as 'isolating students from their local communities' (Woolman, 2001, p.29). Thus, the author recommended changing and diversifying the curriculum to be relevant for a variety of social contexts reflecting each African country. Moreover, Teferra and Altbach (2004) indicated that African higher education is a colonial creature. It adopts a Western style of academic organisation, and often reflects colonial values. Consequently, African higher learning provisions 'have all but disappeared or were destroyed by colonialism' (Teferra and Altbach, 2004, p.23). For Brock (2011), the colonial model represented a major challenge for African higher education. Conformity to the curriculum of the Western, often ill-related to the local context has followed with the impact of postcolonialism and globalisation.

Bush and Maltby (2004) discussed the role of accounting and taxation in colonial/imperial contexts. The study focused on the impact of the colonial experience, considering accounting and taxation in the context of British colonial administration in Africa. The study discussed accounting's role as a social and institutional practice in the anti-colonial movement by considering the local social context. The research argues that one cannot separate cultural imperialism and economic power and impositions on Africa through racist discourse—through the myth of Western racial superiority. Despite that taxation is so important for government, and was imposed in Africa long before the colonial experience, the new taxation and royalties system that came with colonialism was changed being more based on profitability. For the authors, the new taxation system cemented poverty and dependency in Africa, so "Taxation ultimately did not instil a 'self-disciplinary culture' into African subjects" (Bush and Maltby, 2004, p.32).

Rahaman (2010) reviewed the critical accounting literature on Africa. The study noted that the use of Western technology in accounting and auditing have influenced African culture in a direction away from local values. In another study, Rahaman et al. (2007) explored the function of accounting within the impact of external factors and global movement. The study conducted interviews with 27 key participants and analysed several archival documents to examine accounting practices. The study was in light of the colonial legacy, and inferred that the country studied depended on Western administrative structures, which affected policy-making and democratic consultation. Thus, the output of those structures is inconsistent with the requirements of the local context (Rahaman et al., 2007).

Azolukwam and Perkins (2009) examined a sample of human resource management practitioners. Their research explores the consequences of transferring Western human resource management to developing countries. The case study was Nigeria. The research findings reflect that both local and Western contexts affect human resource management in Nigeria. The research represents a critical analysis of the global organisations vis-à-vis local knowledge. Also, the research reported the impact of higher education reform that is seen as constraining African intellectual development in the postcolonial context.

Manassian (2007) focused on postcolonial studies conducted in academic accounting journals during 1987-1996, to investigate the impact of international accounting upon business practices around the world. The researcher indicated that international accounting contributed to linking globalisation with the local national economy.

In Bangladesh, Mir and Rahaman's (2005) paper discussed the circumstances leading led to the adoption of international accounting standards in the Bangladeshi government, gathering material through interviews of different stakeholders in Bangladesh. The findings show that, under pressure from international donors, the government and accounting bodies adopted international accounting standards. The study reflects the impact of Western dominance that leads to changing the local values and replacing them with Western values, which may not be compatible with local requirements.

Independence does not mean that the colonised countries, have disposed of the effects of the coloniser, whether in their cultural, economic, military or industrial spheres. Postcolonial theory is a movement in social and literary criticism, which responds to the effects of European imperialism on the colonised. In Libya, there is a concern about the impact of Western hegemony on accounting practices and disclosure, and the promotion of an accounting system to consider the interests of a narrow group of stakeholders. The research argues here the case for theorising social accounting so as to meet the interests of the Libyan context.

2.2.7 Theorising Social Accounting in the Libyan Banking Sector

> Like all other corporate citizens, banks have a responsibility to contribute to achieving socially and environmentally sustainable and just societies. As citizens, companies and governments rely on the financial services of commercial and investment banks, these financial institutions play a key role in every segment of human activity (Willem et al., 2007, p.14)

To be more realistic, whatever the method used to describe social accounting, it is necessary to consider social accounting within its context. There is no magic formula or recipe for change or to tell you what you should do, without substantive understanding of practices in context. Social accounting and responsibility, as understood here, involves giving due and sincere attention to a wide range of stakeholders, including employees, customers and the government, with respect to social wealth and justice. We can try to theorise what is meant by social well-being in Libya. We can then try to bring about change, so that accounting/governance better contributes to social well-being. The mobilisation of a variant of accounting may well be integral to a strategy for change (see Gallhofer and Haslam, 2003). More specifically, regarding the Libyan commercial banking sector, one should gain appreciation of social accounting trends and what social accounting of LCBs may deliver. The study is not looking for change just for the sake of change, but change contributing to the enhancement of conditions of workers and communities and the enhancement of social wealth and beyond mere financial performance.

2.3 Critical Theory and Research Methodology and Methods

The research adopts critical theory to develop a critique of the status quo of accounting and indicate ways forward. Here, the focus is on the methodology and methods adopted in this research. To help in this articulation, the researcher reflects critically upon Burrell and

Morgan (1979). The discussion begins with a reflection on the meaning of research paradigm in this context.

2.3.1 Research Paradigm

Patton (1990, p.37) deems a paradigm in the context of research 'a world view, a general perspective, a way of breaking down the complexity of the world'. Lincoln and Guba (1985, p.15) see a paradigm as a 'system of ideas' and a 'systematic set of beliefs'. They consider a paradigm to reflect what a researcher believes about truth and the world to be substantiated and developed in research through evidence. Filstead, (1979, p.34), as quoted by Deshpande (1983, p.102), suggests a paradigm:

> 'goes about developing an explanatory scheme (i.e., models and theories) which can place these issues and problems in a framework which will allow practitioners to try to solve them…establishes the criteria for the appropriate "tools" (i.e., methodologies, instruments, and types and forms of data collection) to use in solving these disciplinary puzzles'.

Thus, a paradigm is how one may accept and understand the world/phenomenon in accord with what he/she believes. That understanding should interrelate with theory and methodology. Burrell and Morgan (1979) provided two principal dimensions of research paradigms. In each dimension, there are two paradigms. Thus, there are four research paradigms, as in the following schema (Figure 2.2). The subjective-objective continuum is interpreted in terms of philosophical assumptions brought to research, concerning ontology, epistemology and human nature. Subjectivist and objectivist tendencies are associated with particular methodological preferences for more ideographic and more nomothetic methods respectively, this reflecting the relative evaluation of methods (it does not absolutely rule out, e.g., usage of quantitative methods by an interpretive researcher).

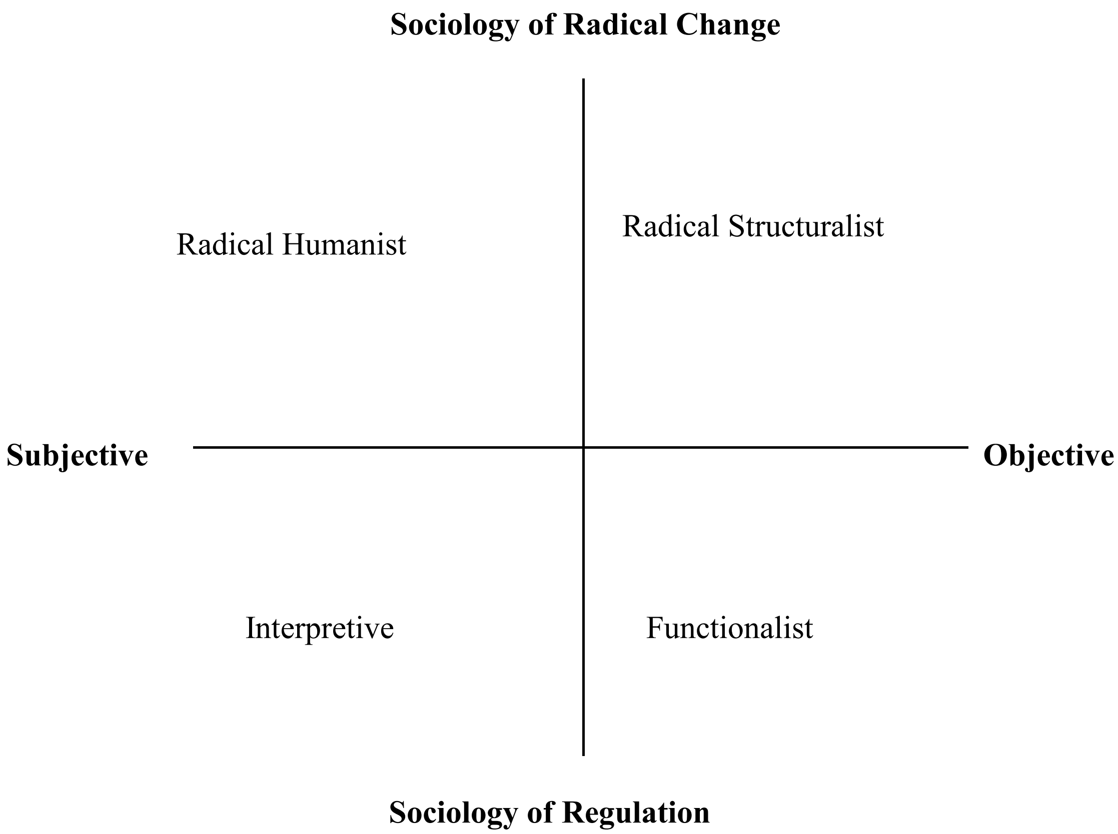


Figure 2.2 Sociological Research Paradigms (Burrell and Morgan, 1979)

A clear influence upon method is the topic, focus or question to be researched (see Krauss, 2005), but this is also substantively shaped by the research paradigm. The research paradigm influences interpretation (Bryman and Bell, 2003). It embraces a basic dimension of theory, e.g. in terms of whether the concern is to substantively challenge the status quo or in terms of how loosely or tightly defined is the argument to be developed. Thus, the research paradigm is important in conducting research, drawing out findings and interpreting results (Gray et al., 2009). That importance can be recognised 'via a comparison between accounting research that is conducted on the "same" problem but from two different perspectives' (Chua, 1986a, p.601). Whatever the paradigm, a researcher is influenced by philosophical assumptions concerning ontology, epistemology and human nature. These philosophical assumptions help shape the researcher's perspective/approach (Burrell and Morgan, 1979).

2.3.2 The Philosophical Assumptions

2.3.2.1 Ontology

Ontology refers to a philosophy of reality, of being or of existence (Burrell and Morgan, 1979; Chua, 1986a; Healy and Perry, 2000; Senik, 2009).

2.3.2.2 Epistemology

Epistemology is the philosophy of knowledge. It asks what we mean when we state we know something. Epistemology indicates how to obtain knowledge about a topic under discussion: 'Epistemological assumptions decide what is to count as acceptable truth by specifying the criteria and process of assessing truth claims' (Chua, 1986a, p.604).[5]

2.3.2.3 Human Nature

Human nature assumptions concern linkages and interdependence between human behaviour and the surrounding environment. Is human behaviour determined by the environment or according to human will and nature (Burrell and Morgan, 1979)? The human nature construct here refers to whether the topic under discussion is subject to interpretation, or whether there are rules and axioms that make individual interference limited. Hence, human activities reflect free will/voluntarism or they are caused by something as in a deterministic account (Burrell and Morgan, 1979; Chua, 1986a).

2.3.3 Research Methodology and the Critical Approach

Critical theory can be seen as a methodological perspective for understanding and change (Spence, 2006). Understanding and change in the accounting field is described by Baker and Bettner (1997, p.305): 'Accounting's essence can be best captured through an understanding of its impact on individuals, organisations and societies. Hence, it is important for accounting research to adopt a critical perspective'. When research is done in

[5] For some, truth to be understood should be considered in its context. For Krauss (2005, pp.759-60), 'the best way to understand what is going on is to become immersed in it and to move into the culture or organisation being studied and experience what it is like to be a part of it'.

accord with critical theory, the social, environmental and political context has to be considered. The social, environmental and political movement represents and reflects human relations and action (Gioia and Pitre, 1990; Trauth and Howcroft, 2006).

2.3.3.1 The Critical Approach as Interpretive

Chua (1986b), Laughlin (1995), Baker and Bettner (1997) and Senik (2009) elaborated upon functionalist, interpretative and critical perspectives or paradigms for accounting research.[6] Further, the interpretive and critical approaches share some common characteristics e.g. vis-à-vis the role of human behaviour in contributing to shaping social reality. Both paradigms are strongly interpretive. The basic differentiation is in terms of a critical orientation (it should be emphasised that Burrell and Morgan is only a classification scheme based on two dimensions that are continua). In this context, the approach here is a critical perspective that is an interpretive approach to understanding events. Human behaviour has contributed to creating the status quo, and it can also contribute to changing things for the better (Baker and Bettner, 1997). Gioia and Pitre (1990, p.588) indicated similarities between radical humanism and interpretivism:

> 'Theory building in radical humanism is similar to that of interpretivism, but there is the important distinction of having a more critical or evaluative stance. The goal of theory is to free organisation members from sources of domination, alienation, exploitation, and repression by critiquing the existing social structure with the intent of changing it'.

Laughlin (1995) describes a critical approach as making a high level choice for social change from the status quo to the better world. Critical research therefore goes beyond merely interpreting the real world to attempting to change it. For Baker and Bettner (1997,

---

[6] Positivism/functionalism, for Healy and Perry (2000) and Guba and Lincoln (1994), is inappropriate for analysis of social phenomena. Data in the positivist perspective 'and its analysis are value-free and data do not change because they are being observed. That is, researchers view the world through a one-way mirror' (Healy and Perry, 2000, p.119). These are extreme characterisations. Most research has a positivistic dimension. Nevertheless the emphasis in this study is critical and interpretive.

p.293), an interpretive approach tries to adopt ‘a neutral stance’ in this respect (if this is clearly not the same as an anti-subjectivist stance).

2.3.3.2 Relationship between Theory and Methodology

For Mahmood and Riaz (2008, p.6), a radical humanist methodology is ‘subjectivist; searching for results towards change’. People usually see reality according to their beliefs, and what they need to believe. This is what Dillard (1991, p.9) describes as ‘gazing into a mirrored surface’, since a large part of what we see reflects a personal view, and what we want to see. Hence: ‘the more we gaze into the mirror, the more the reflection becomes our objective reality’ (p.9). A researcher conducts research using a methodology in seeking to develop argumentation using tools and techniques named methods to establish or evidence it. Being aware of this, critical theoretical reflexivity is always trying to be open, to question and challenge its own position, to challenge dogmatism.

2.3.4 The Paradigm of this Research: the Position of the Researcher

Even if some people see accounting as ‘simply’ technical, many researchers are convinced that accounting is a social science focus, and is not just governed by axioms and rules as in the natural sciences (Nepomuceno, 2003). For Chua (1986b, p.584): ‘Accounting researchers, like all human beings, are self-interpretive, social beings who do not merely accept the world but create both it and the accounting systems which form a part of it’.

The above discussion constitutes a general review of a methodological framework for accounting research. At this stage, the researcher aims to pay attention to what may be more appropriate for this research specifically. It is useful to review what the research aims to do. The research objective aims to explore enabling or emancipatory potentialities through critical analysis. It is concerned to apply a critical perspective, using a postcolonial lens, to the analysis of social accounting with a particular focus on the case of social accounting in the Libyan commercial banking sector. This critical perspective seeks to engage with social practice to change things for the better, through understanding the reality of social accounting practice and exploring the key stakeholders' perceptions and attitudes towards social accounting. So, the researcher aims to explore and verify the current status of social accounting practice in LCBs, and develop a critique of it with the intention of changing things for the better, including in terms of respecting the local values (vis-à-vis dominant Western values). The concern is to understand and interpret the observations and translate them into a kind of design fit for the LCBs. Accordingly, if we take into consideration Burrell and Morgan's (1979) paradigms, this research is located in the radical humanist paradigm, and has a strong commitment to a subjective interpretivism that is also critical. This research pursues an anti-positivistic perspective that is both interpretive and critical (Baxter and Chua, 2003).

It is helpful to reflect explicitly on the philosophy of method (methodology) before deciding on methods, as this should improve and refine methods choice and application (see Laughlin, 1995; Pihama and Gardiner, 2005; Boote, 2008). A research paradigm plays a role in method selection: Warschauer (1999, p.188) reported: 'Behind every research method lies a belief, and behind every belief lies a person'. Yet the methodology would be incomplete, unless it includes the technical tools, which embody the research approach and complete the methodology chain. These technical tools are named research methods, which must be consistent with the research methodology (Boote, 2008).

2.3.5 Research Methods and the Relationship between Methodology and Methods

Before proceeding to review the methods used in the research, it is relevant to examine further the link between methodology and methods. In his/her quest for knowledge, a researcher adopts a paradigm/approach. The researcher is required to establish the evidence to support the argumentation. This may be achieved by using research methods. Therefore, methods are research techniques that should be chosen carefully, and must be consistent with the methodology and a researcher's beliefs about the subject under discussion. For Chua (1986a, p.604): 'What is a correct research method will depend on how truth is defined'. For Mingers (2001, pp.242-43): 'Research methods can be seen as instruments for provoking a response from the world...Different methods generate information about different aspects of the world'. Methods are used as techniques, evidence and tools to demonstrate the research and pursue findings. Critical theory supports a liberal approach: methods choice is influenced by philosophical assumptions not determined thereby.

2.3.6 Methods Used in the Research

The primary approach in this research is to apply qualitative research method. The research goes beyond mere description of the problem or phenomenon in question, but seeks to understand and interpret it, and to develop a critique of the current situation with the intention to change things for the better. Thus, the research aims to better understand the nature of social accounting practice as it is, and how it should be in the Libyan commercial banking sector. The researcher is aware of the benefits of extending the number of research methods to help develop argumentation by providing more insights and ways of seeing (see the case for triangulation). For this researcher, where more and differing research methods are used, the better and more reliable are the results obtained. When research just depends on one method the approach and findings about the phenomenon under discussion might be limited (Mingers, 2001). The following research methods are employed here: literature review, contextual analysis, content analysis and interviews. A literature review may be considered a research method in that it helps one to gain insights into a focus and its research. This mix of methods will be used to answer the research questions, which illuminate:

1. What is the quality of social accounting in LCBs in the context studied from a critical perspective?
2. To what extent has Libyan social accounting been influenced by globalisation and Western perspectives on accounting?
3. How has the socio-political and economic context in Libya, including the Libyan State's socialist ideology, influenced social accounting and responsibility in Libya?
4. What are the positive potentialities for social accounting in Libya, and how could they be realised?

It seems appropriate to start with a literature review of social accounting in developing countries with a focus on countries that have characteristics similar to the Libyan environment, as well as focus on the studies done on banks. There is a contextual analysis to enhance understanding. The next method is disclosure index/content analysis, in order to identify the quantity and quality of social information available in banks' annual reports. Then interviews with some key stakeholders are conducted, in the light of information obtained from the previously applied methods.

2.3.6.1 Literature Review

A literature review is 'a systematic search of published work to find out what is already known about the intended research topic' (Robinson and Reed, 1998, p.58). Some may worry about being biased by studying prior research; hence, with sensitivity to that, this researcher would argue the case for respecting prior research and gaining insights from it (given the choice implicit in such a reflection, a literature review, even in its classical form – as here – may be considered a research method). Bless et al. (2006, pp.24-25) reported justifications for using a literature review in studies:

> 'To sharpen and deepen the theoretical framework of the research...to familiarise the researcher with the latest developments in the area of research...identify gaps in knowledge, as well as weaknesses in previous studies... identify variables that must be considered in the research...study the advantages and disadvantages of the research methods used by others'.

In order to ensure more usefulness from reviewing the previous literature, the researcher adopted some steps. These steps are (1) deciding which studies should be reviewed (the concern is to focus on key studies, i.e. those the researcher thinks are more relevant to the research); (2) classifying the selected previous studies in a logical and justifiable manner (e.g., here the literature review of social accounting in developing countries is divided into four different groups: studies in the banking sector, studies in the Middle East and North Africa, studies in developing countries, and studies done in the Libyan context); (3) proceeding to review the selected studies by major themes, methods used in study, findings and conclusions as well as by published year and authors' names; (4) discussion of the positive and the negative (key for a researcher developing a critical theory).

2.3.6.2 Contextual Analysis

Based on the assumption that social accounting is a contextual construct, analysis of the Libyan context could be seen as another method of this research. The researcher analysed relevant aspects of context to enhance understanding consistent with a critical interpretive approach. Also the research highlighted dimensions that determine the contextual framework and help to guide a research project and the development of an argument or thesis (see chapter four).

2.3.6.3 Disclosure Index as Part of Content Analysis

For Guthrie and Abeysekera (2006, p.14): 'Content analysis of annual reports is a technique for gathering data'. Kaya and Yayla (2007, p.9) submit that:

> 'One of the effective ways to evaluate the development of social accounting practices is to consider recent reporting trends in social activities of the corporations'.

In critical social analysis, one understands social and environmental accounting in terms of interactions between entities and society (see Gallhofer and Haslam, 2003). Insights into that interaction may be garnered through the information or disclosure an entity provides via the annual report and other documents (Guthrie and Abeysekera, 2006). Therefore, content analysis of annual reports represents a significant tool for the analysis of companies' reporting. Content analysis and disclosure index as part of it, is used widely in the social accounting literature, more so than other methods, as annual reports and related media are significant documents of corporations being seen by a wide range of stakeholders and helping to create a company's social image (Gray et al., 1995b; Branco and Rodrigues, 2006; Guthrie and Abeysekera, 2006). The classification of the required information should be the first step before embarking on getting the information. Then, data collected should be attributed to each class. One should determine the 'reliability and validity' of such data.

2.3.6.4 Interviews

Despite their importance, literature review, contextual analysis and content analysis do not preclude adding interviews as a method to enhance the research. Indeed it may be difficult to obtain sufficient evidence from the mere use of those other methods. Based on insights and data derived from literature review, contextual analysis and content analysis, the researcher proceeds to prepare and conduct the interviews (Oppenheim, 1992). For Ely et al. (1991, p.4), consistent with an interpretive approach, we should 'want those who are studied to speak for themselves, to provide their perspectives in words and other actions'. Also, Suler (2010, p.1) considers interviews to provide 'in-depth information about a particular research issue or question'. Ahrens and Chapman (2006, p.822) also argue that an 'interview might be seen as an ongoing exchange in which the researcher actively works to understand'.

For this research, the researcher means by an interview listening to interviewees and asking questions that may be pre-prepared or arise as a result of dialogue as well as recording the dialogue after obtaining the consent of the interviewee. The researcher adopts the semi-structured interview approach. According to CEMCA (2010, p.36), this ‘provides greater scope for discussion and learning about the problem, opinions and views of the respondents’. Social accounting researchers frequently use interviews as a research method, in view of the importance of this method in more than one respect, especially when research needs to investigate stakeholders’ perceptions and attitudes in social accounting (Owen et al., 2000; O’Dwyer, 2002; Adams and McNicholas, 2007). The evidence drawn from these interviews will not only depend on questions prepared in advance, but interviewees will be encouraged to elaborate beyond the confines of such questions.

2.4 Summary and Conclusion

A research paradigm depends on philosophical assumptions notably considering ontology, and epistemology. Theory and methodology frame the research and are consistent with a paradigm. Evidence is needed to develop, sustain, enhance and refine an argument. Research paradigm, methodology and theory are important in more than one sense: in conducting research, drawing findings and interpreting results. In view of the adoption of the critical approach here, the study is radical humanist (Burrell and Morgan, 1979; Chua, 1986a; Laughlin, 1995). This insight hopefully enables the researcher to interpret and criticise current accounting with the intention to change it. For this research methodology, it seems appropriate, at first, to start with a literature review of social accounting in developing countries.

Critical theory seeks a way forward through changing the status quo. It could be described as a theory of aspirations. Also, vis-à-vis accounting, critical authors have indicated its potential to help to change or modify the socio-political and economic system and its potential to be a more holistic as distinct from a narrow economistic accounting orientated to capitalistic interests. Critical theory seeks to change the status quo for the better, reflecting a stance favourable to emancipatory accounting. Further, Libya may properly adopt the local and national values and practices that stem from the local interest, not necessarily those values substantively emanating from the West due to the colonial experience and globalisation, to the extent that this enhances social well-being. An objective of accounting should be to seek to ensure that an entity's actions are commensurate with the interests of all society. This implies compliance with legal requirements, but also goes beyond that. The emancipatory intent is to change things for the better by enabling accounting's emancipatory potential. The perspective follows Gallhofer and Haslam's (2003) preference for a critical theory that is more reflexive, pragmatic and gradualist (they actually problematisie revolutionary change). This indicates the extent we have to strengthen social accounting. Rather than being seen as a luxury, social responsibility principles should be a mandatory application in companies, including financial institutions. In Libya, there is no mandatory requirement for social disclosures beyond the economic and financial activators that may be seen to serve conventional organisational objectives and enhance conventional accounting implementation.

The Libyan nation long suffered from a long history of physical occupation and administration – for around 3000 years, including occupation by the Greeks, Romans, Phoenicians, Ottomans and Italians. Thus, many cultures are involved in Libya, and Libyan culture may be something of a 'hybrid'. However, Western imperialism has tended to seek to import Western culture without considering local values. Learning from others and getting insight into their culture and experience, and merging them into accounting today, may contribute to enriching and enlightening accounting and making it more hybrid, thus more effective and universal, which reflects 'neither the one thing nor the other', rather than reflecting one dominant culture (Steger and Carver, 2009, p. 95). Some critics considered a hybridity concept that ‘minimizes or mitigates the violence of the colonial encounter’ (Steger and Carver, 2009, p. 95) and 'assumes the power of the repressive itself' (Schwarz and Ray, 2004, p. 11). Social accounting’s potential understands accounting’s scope to go beyond the presentation of financial information, to include all the information that reflects the reality of the banks’ activity from a social, rather than narrower economic perspective. Critical theory is concerned with realising a social accounting potential to better society. Accounting’s role cannot be dissociated from its social, political, economic and cultural context (Gray et al., 1996; Gallhofer and Haslam, 2003, 2008). In terms of political economy, Gallhofer and Haslam, (2003, p.6) seek to overcome ‘hegemonic repressive and problematic forces’ that have substantively, but not absolutely, captured accounting. Therefore, accounting should not only be considered in the conventional financial and institutional context, but within a comprehensive socio-political and economic framework for the benefit and welfare of all relevant parties (Cooper and Sherer, 1984; Gallhofer and Haslam, 2003, 2008).

In the Libyan context, the study makes the case for adding social dimensions to accounting by involving all interested parties around banks. Further, by using critical theory with a postcolonial lens, we are aiming to encourage the accounting system to pay more attention to the whole of society. Accounting is to create an integrated picture of the company with social and ethical values, as well as to achieve a proper relation to Western values that for critics have contributed to a large extent to the spread of injustice and poverty, and obliterated the local cultural identity. In the current context, the study is not against companies/banks giving consideration to financial issues. However, such a possibility should not be inconsistent with (i) the legitimate right to financial gain, (ii) societies’ right to know about the reality of business activities through appropriate accountability and transparency, and (iii) an effective contribution to economic development, social justice and welfare. Critical theory is the appropriate perspective for not only understanding and interpreting the complex relationship between accounting's social role and its social impact but also for attempting to reconstruct that interaction for social betterment. Also, postcolonial theory aids in the problematisation of the colonial legacy as a dimension of critical theorising, reflecting a concern to give attention to the local values.

Critical theory may help to develop social accounting and make it more practical (Bebbington et al., 1999). Thus, it may identify the extent of environmental damage and social injustice, and ways forward for society, including an envisioned new order of things by considering the role of entities and accounting systems in supporting the status quo. Moreover, it facilitates considering the transformation allowed in accounting's role and how to bring it about, and studying how the adoption of Western values and Western hegemony has impacted upon the education system, professional accounting, the accounting system and the State economy. It may then propose practical solutions, based on critique of the prevailing situation, again looking for transformation-enabling solutions, which may include changing the status quo using postcolonial theory. Previous studies clearly indicated the impact of colonialism and postcolonialism on education, culture and economy contributing to the imposition of Western values, and neglecting the local values of colonised countries. Consequently, understanding the colonial period and the historical development of accounting in Libya could largely explain social accounting practice.

The researcher should not only criticise the status quo, but has to have a vision about what change is required for the better, and why it is better. The vision (more of a sketch) is properly influenced by consideration of the literature, the empirical study, the research paradigm and the research context; in other words, the theoretical framework, methodology and methods adopted in the research.

Chapter Three: Literature Review of Social Accounting in Developing Countries

3.1 Introduction

What is the goal of a business organisation or indeed any organisation? Based on reflection on such a question—in this context—the concept or construct of social accounting gained its importance and significance. It seems that, nowadays, environmental and social activities have become important issues along with economic activity for the corporate entity. In its function, the corporate activity has a negative and/or positive impact on different parties. One may suggest that in the social realm, society is affected by the company's activity. Significant negative impacts of companies' activities include impacting negatively on the environment (Kurihama, 2005). Yet economic/financial considerations appear to be the overriding concern of the context; this reflects conventional accounting and the idea of a (one bottom line) repressive form of accounting. Social accounting considers what may be understood as the triple bottom line - economic, social and environmental issues. However, even by 'engaging' with environmental and social factors, entities adopt mainstream social accounting that considers social initiatives that serve the entity's narrower interest. One may also give consideration to local values, through an accounting emancipation. It can go beyond the conventional and is expansive toward the social and the environmental.

This chapter is a literature review chapter. The chapter is divided into two sections. In the first section, we shall review how social accounting has been considered and seen in the literature. We shall discuss the social accounting construct and its concern for reporting on the company's activities that impact on a broad network of stakeholders. In the first section, it is useful to briefly review some concepts and constructs relevant to social accounting to gain insight into them, e.g. determine similarity between them, in attempting to enhance appreciation of social accounting. In the second section, the review focuses on studies on social accounting and CSR in developing countries, with focus on Arab Middle Eastern countries and banks. Both sections are discussed and analysed.

3.2 Social Accounting and Related Constructs

The social accounting literature has used different conceptions and constructs to cover such a wide area of interest, like corporate social responsibility (CSR), corporate sustainability (CS), accountability and triple bottom line (3BL); all these terms may reflect dimensions of social accounting (Justice, 2002). However, before going on to discuss these concepts related to social accounting; it is well to pay some attention to what we mean by social accounting, and how it is understood in the literature.

3.2.1 What is Social Accounting?

Social accounting, considered from a broad and open perspective, has a very long history. Types of social accounting have been especially promoted in the rise of modern society (Gray et al., 1996; Gallhofer and Haslam, 2003). The social accounting construct has become a much more common subject of discussion by academics and practitioners, including through research, in recent times. Therefore, definitions have manifested to explain what social accounting is. The following are some of them.

For O'Brien and Rose (2007, p.6):

> 'Social accounting is a process that seeks to measure progress and performance against social, environmental and economic objectives'.

Also, for Gray (2000, p.250)

> 'The preparation and publication of an account about an organisation's social, environmental, employee, community, customer and other stakeholder interactions and activities and, where possible, the consequences of those interactions and activities'.

According to the previous definitions, it could be inferred that the fundamental bases of social accounting are built on three main elements: (1) the accounting entity (organisation), (2) the account (report) and (3) the intended recipient of the account (stakeholders or group of recipients). For Gray et al. (1997), however, these elements are not sufficient in themselves to define social accounting. Social accounting's circle of interest can involve other parties and corporate activities. For some, social accounting is based on a critique of the limitations of financial accounting (Mook et al., 2003; Gallhofer and Haslam, 2003). However, despite this criticism, it is worth mentioning here the notable similarity between social accounting and a conventional accounting focusing only on the narrowly financial. Social accounting considers the organisation's impact on a wide range of stakeholders or users. This does not preclude that the social account may contain financial information, as well as non-financial information (Gray et al., 1997; Gallhofer and Haslam, 2003). Therefore, we may mobilise social accounting as a complement to fill the gap left by traditional accounting. Alternatively, as Gallhofer and Haslam (2003, p.106) reported, social accounting 'has been mobilised as one challenging conventional accounting, and, on the face of it, as an accounting reflecting a concern to go beyond narrow instrumentalism'. Hence, it has emancipatory potential. Additionally, social accounting is a process/method to evaluate the company's impact in social, economic and environmental terms in the local and global community or society.

3.2.2 Accounting/Social Accounting Tendencies

Gray et al (1997), Gallhofer and Haslam (2003) and Spence (2009) think that social accounting has emancipatory potential. For Spence (2009, p.205): 'At the heart of the social accounting project lies a radical and emancipatory intent'. Social accounting lies between the entity and its stakeholders, so social accounting attempts to (or should attempt to) make the best effort in creating reflexive mutual understanding between the entity and its stakeholders. It also attempts to be accountable to them as they represent all segments of society. Further, social accounting considers and enhances the democratic virtues of transparency and accountability (Gallhofer and Haslam, 1993). For Gallhofer and Haslam (2003, p.154):

> "Emancipation is about creating new values, new forms of co-operation and new types of collectivist praxis and the mobilising of accounting with emancipatory intent has to manifest in this frame of reference".

Social accounting may be seen as tool for emancipatory potentialities. In accounting literature, social accounting has been associated with concepts of emancipation on the basis of its liberation from traditional accounting constraints towards a broader space (Tinker, 1984; Gallhofer and Haslam, 2003). Enabling and emancipatory accounting or social accounting for betterment could be translated as making entities' activity visible by adopting a high level of accountability and transparency, as well as considering social needs by contributing to social well-being. Gray et al. (1997) point to an emancipatory potential of social accounting: 'to redress power asymmetries between organisations and their stakeholders through the reporting of information'. Accounting, according to Gallhofer and Haslam (1995), can be seen as a visible hand of entities' activities. Conventionally, accounting's function has come to be viewed as the delivery of information; social accounting does not diverge from this, but differs in terms of information content. While conventional accounting focuses on one bottom line, social accounting has been characterised by concern for a triple bottom line, embodying economic, social and environmental information. Thus, information in social accounting involves all information on the social impact of organisations' activities. Such information is of wide interest as a result of globalisation (Estes, 1976; Boyce, 2000; Unerman and Bennett, 2004). Therefore, social accounting and reporting may have the objective of replacing conventional accounting with new accountings that are predicated on values broader than maximising the profit, but consider this profit within a social and environmental context (Ullman, 1976; Dierkes and Preston, 1977; Patten, 1991; Rubenstein, 1992; Burnett and Hansen, 2008). Thus, social accounting aims to shift accounting from repressive to emancipatory tendency. This entails providing an account, if not with the status of incontrovertible accounts, nor as a panacea for society's economic and social problems (Boyce, 2000). Yet, social accounting has been captured/hijacked by businesses organisations and global initiatives so that it amounts to a problematic 'public relations' for business, a counter radical accounting (Gallhofer and Haslam, 2003, p.124).

There is an overlap between these terms, and ambiguity in the literature. In the following section the researcher will explain how these terms are used in this thesis.

Emancipatory/Radical accounting: the radical form of social accounting refers to accounting's emancipatory potential. Emancipatory potential, as understood in this research, refers to changing things for the better (Gallhofer and Haslam, 2003). The better may come through making banks' activity visible to society/stakeholders, and uncovering social information (Gallhofer and Haslam, 1993; 1995; 2002; Fiedler and Lehman, 1995). In this context, the radical form of social accounting is highlighted when banks disclose social information that reflects the reality of banks' activity and are not only tied to banks' financial goals. The public interest should be at the heart of the social accounting project; thus, reports here represent a mirror or image that should reflect the reality of actual practice, where the disclosure reflects real behaviour and action. So the question is if that behaviour could be interpreted as achieving society's needs or business needs. One could argue that the radical form of accounting can emerge through disclosures made by non-company sources, such as those provided by NGOs' reports (Dey, 2007; Spence, 2009). However, in the Libyan context, in the absence of NGOs, most emancipatory disclosure came as a result of government guidance and recommendations in the sense indicated.

Counter radical accounting (mainstream accounting/social accounting): Counter radical forms of social accounting goes beyond conventional accounting. Where it has more social and environmental focus, but has a similar impact to conventional accounting in that it is substantively linked to the profit making focus and the accounting may help legitimise problematic activities (Unerman, 2007). But again these forms may be interpreted in terms of emancipatory actualities and potentialities. For instance, the production of any accounting labelled corporate social responsibility accounting (or a company holding itself not as having done or promising to do responsible action) may at least draw attention to the possibility of such responsibility and increase public attention thereto (Gallhofer and Haslam, 2003). In this respect, NGOs are reported to use mainstream or counter radical social accounting to put more pressure on corporations to be more socially responsible (Gallhofer et al., 2006). Then one can understand that the counter radical form of social accounting may be located in the middle between repressive and radical, where it is beyond conventional accounting, but focuses on social initiatives that are more tied to the economic base or financial economic considerations, and considering the entity's more conventional needs. Voluntary (or not formally prescribed) social accounting tends to be 'counter radical social accounting' that stems from a business organisation's needs. So, disclosure could be seen, e.g. as a tool of legitimation to establish a social image to be seen by a wide range of stakeholders (by providing 'good news' and reducing or justifying bad news, as well as showing positive aspects) (see Gray et al., 1995b; Gallhofer and Haslam, 2003). Here, social accounting might be used for purposes serving entities' interests in the first place rather than more consistent objectives in the context of enhancing society's well-being (emancipatory form of social accounting) (see chapter two). Such entities' interests might include polishing the entities' reputation, or for the purposes of legitimising their economic policies and operations (Gallhofer et al., 1998; Gallhofer and Haslam, 2003; Kamla, 2007).

Repressive accounting: Theoretically, in critical literature, accounting is considered as problematic in terms of its social role. Here conventional accounting, which substantively reflects the current global capitalistic order, somewhat distant from local and social needs, is seen as substantively captured by repressive hegemonic forces, helping to rationalise or legitimise a problematic social order (which is not to suggest it has no positive dimensions) (Gallhofer and Haslam, 2003). This accounting fails to reflect broader interests and is captured by a repressive hegemonic tendency, having repressive tendency in terms of accounting's social role (see Table 3.1, which clarifies further the three dimensions of accounting/social accounting).

Regarding accounting's function, there is ambiguity in terms of accounting's actual and potential role. Such ambiguity makes accounting have both positive, as well as some negative impact, on social well-being (Gallhofer and Haslam, 2003). These make the argument consistent with the form of dialectical thinking, and also, a continuum thinking that calls for radical change, not necessarily revolutionary, but a gradual change. In other words, the argument sees pragmatic movement as possible, but not in a straightforward way (Gallhofer and Haslam, 2003). The thesis applies to actual accounting practice, but also to potential accounting practices. Thus, the logic of the argument here is extended for purposes of empirical exploration to the three accounting tendencies that were discussed above. Table 3.1 provides an overview of the three accounting types and elaborates on some possible ways that, actually and potentially, may be seen as having various 'emancipatory' and 'repressive' effects. However, the term, emancipatory, (as explained previously) is used in the pragmatic manner used by Gallhofer and Haslam (2003), and in effect, emancipatory change means change leading to the betterment of society.

Modes and Tendency of Accounting	Emancipatory Tendency in relation to Social Betterment		Repressive Tendency in relation to Social Betterment	
	Actual	**Potential**	**Actual**	**Potential**
Conventional Accounting	Disclosure itself has some positive potentialities. Financial accounting here is in commitment to laws and regulations, which require providing financial information; e.g. (Libyan Commercial Law, 2010; Libyan Banks Law, 2005).	Disclosing financial figures could attract more investors and contribute to boosting the economy. Profit making could ensure the survival of the business organisation; also, social initiatives require profit to cover the social cost. Commitment to financial laws and regulations requirements could be seen as good behaviour towards the State's requirements. Moreover, considering banks and shareholders wealth might positively influence the national economy.	Merely focuses on financial (one bottom line-1BL), displacing social and environmental issues. Accounting here reflects the dominance of the current global capitalistic order distant from local and social needs, and captured by repressive hegemonic forces; e.g. most disclosure reported in numerical and monetary form to reflect expense/items on financial statements (see chapter five).	Worsening, if continuing as in the actual. The result at the end leads to repressive accounting, promoted by imperialism, and Anglo-American laws and regulations. Repressive accounting leads to ignoring social issues, which could contribute to the further spread of injustice, poverty, inequalities, social exploitation, hunger and disease, especially in developing countries.
Mainstream Social Accounting	It could be seen as a step towards more holistic disclosure. Also, it has common aspects with radical social accounting, at least beyond conventional accounting by providing social disclosure. Some might hold the entity to account for what it argues it will do. Considering stakeholders' engagement and dialogue as a key for social disclosure could make the entity go beyond shareholders to consider a wide range of stakeholders.	Institutes principles of social disclosure, making banks admit social initiatives. Also, promoting accountability beyond financial disclosure represents a bank's commitment to social responsibility. Moreover, linking profitability and social initiatives may promote social responsibility. Making profit using a social image could increase a bank's operations and may have a positive return on the local economy.	It is used for private purposes of businesses organisations at the expense of the delivery needs of society, where it constantly aims to satisfy shareholders and key stakeholders and is tied with economic bases for the purposes of profit. It is constantly reporting 'good news' and showing the positive aspects, while reducing the negatives, to be used as a tool of legitimation and establish a social image of the organisation. It is mobilised by globalisation and global movement as voluntary. Here, mainstream social accounting is already captured by repressive hegemonic forces.	By this time, social work will be conducted to serve banks and displace others. Stakeholders' dialogue and engagement are used by organisations for the purpose of increased shareholders' value; e.g. considering shareholders and some key stakeholders, while ignoring others (i.e. future generations and the environment). Thus it could be described as preserving or countering radical social accounting. It contributes to enhancement of a repressive social accounting, instead of an enabling or emancipatory form of social accounting for the betterment of society.
Radical Social Accounting	Providing an account to serve society's need beyond mere economic goals, or to satisfy stakeholders. The thing to consider is how to take advantage of this disclosure to develop entity practice to benefit society, including the owners of the entity (chapters five and seven).	Promoting more social indicators and making banks act and behave positively towards society; at least to achieve what banks promised in disclosure. Pragmatic and gradual change in the economic system could solve the issue of accountability and narrow the gap between radical and counter radical forms of accounting. Telling the truth could lead to developing and strengthening the positive practice, as well as avoid shortcomings or mistakes in the future.	Under the current economic system that assumes benefit for business organisations, excessive focus on social needs and the implementation of the State's social agenda at the expense of banks may lead to an imbalance in the economic system.	Talking about emancipatory and radical change is not a straightforward thing. Both revolutionary and gradual changes have problematic dimensions. Major revolutionary change in the socio-political order might bring about serious consequences. Also, gradual and pragmatic change could increase the danger of capture by repressive hegemonic forces, as is the case with mainstream social accounting.

Table 3.1: this Table Overview of Emancipatory and Repressive Dimensions (Actual and Potential) of Three Types of Accounting

Social accounting, under the principle of a reasonable degree of transparency, and stakeholders' awareness and clear entities' policies, may meet the needs and wants of a wider range of society rather than just shareholders (Ball and Seal, 2005), thus reflecting to some extent more emancipatory accounting. Further, social accounting, for Frame and Brown (2008, p.232):

> 'could have a major role in developing more participatory and democratic forms of accountability through promoting open and transparent decision-making by articulating costs and benefits at various levels that engage the standpoints, interests, values and priorities of a range of stakeholders'. (see Boyce, 2000 and see Bebbington et al., 2007).

If we consider social accounting from a postcolonial lens, it could be argued that colonial experience and globalisation's impact have generated an accounting practice and disclosure consistent with Western values and reflecting the colonial. These values have been reinforced in the postcolonial context in different spheres of life in developing countries, such as education, culture and the economy (Woolman, 2001; Mama, 2004; Teferra and Altbach, 2004; Rahaman et al., 2007; Annisette, 2000; Poullaos, 2009; Suddaby et al, 2007; Irvine, 2008; Shareia, 2010). E.g., the international financial reporting standards of the International Accounting Standards Board, reflect globalisation's impact on developing countries, and represent Western pressure to apply external standards in local contexts (Mir and Rahama, 2005; Manassian, 2007; Irvine, 2008). Thus, issues such as poverty and the equitable distribution of wealth and social aspects concerning the community, especially in the Third World, do not concern conventional accounting. Simply, due partly to implementing conventional accounting, such issues become an unjustified commitment for business organisations. Thus, postcolonial social accounting may be considered a tool to abstract accounting from colonial constraints, and concentrate more on what matters to the local context. Thus, social accounting, from a postcolonial and critical lens, could be seen as an institutional practice in an anti-colonial movement (Bush and Maltby, 2004).

3.2.3 Delineating and Understanding Conceptions of Social Accounting

It is no secret that there are some conceptions in the social accounting literature that may cause confusion. Interestingly, there is no consensus regarding the name of the social report, let alone its form and content (Milne and Gray, 2007; Owen, 2007). Further, the CSR acronym could mean corporate sustainability reporting, or corporate social responsibility or corporate social reporting. And other terms have been employed in social accounting, such as 3BL, social audit and green accounting. For Douglas et al. (2004, p.389): 'Corporate social reporting is variously called social accounting, social disclosure, social auditing, social review, social reporting or sustainability reporting'. All these conceptions arguably interrelate with social accounting, in the context of social, environmental and economic issues. And, for Gray et al. (1997, p.330), 'we stay with social accounting as the generic term' - because it has emerged as the established construct.

Organisations have typically focused on financial accountability, to the extent that they have given attention to accountability, the idea of one bottom line. Increasingly, they are being asked to consider their activity's impact on society and the environment as well. These three basic conceptions are known as the Triple Bottom Line (3BL). In other words, they represent the way companies assess their performance against triple bottom lines: environmental, social and economic (Elkington, 2004).

3.2.3.1 Triple Bottom Line Concept (3BL)

The Triple Bottom Line is a term coined by John Elkington in 1994, if it was published in 1997. It refers to economic, environmental and social performance (Elkington, 2004). It should be noted that the Triple Bottom Line prototype is based on the notion that measuring organisational success depends not only on financial performance, but on the package of economic, social and environmental performance. For Roberts et al. (2008, p.89), “the three aspects of economic performance, environmental performance and social performance are collectively described as ‘triple bottom line’ of CSR reporting”. Hence, organisations have an inherent duty to all society going beyond mere economic achievement, to economic, social and environmental achievement (so-called 3BL). However, companies need to show their responsibility by producing an account explaining to what extent they consider stakeholders’ economic, social and environmental requirements. Notwithstanding, there is another view held by Norman and Macdonald (2004). This is that the Triple Bottom Line is an unhelpful addition to current discussions of social accounting. They argue that the 3BL’s notion assumes that obligations to stakeholders should be measured, calculated, audited and reported just as conventional accounting, which is difficult in practice. However, the economic, social and environmental issues exist in other conceptions, such as corporate social responsibility, corporate sustainability and accountability. Therefore, what is the additional contribution of 3BL? It seems that the 3BL conception is a synonym for corporate social responsibility, as both share the same triple bottom line. And we already know that the term CSR was alive and well long before 3BL was initiated (Norman and Macdonald, 2004).

3.2.3.2 Corporate Social Responsibility Reporting (CSRR)

It is difficult to offer a straightforward definition of corporate social responsibility. There is no consensus on how to define it. Marrewijk (2003, p.96) cited Votaw and Sethi (1973, p.11) on corporate social responsibility as meaning ‘something, but not always the same thing to everybody’. For the Confederation of British Industry (CBI), CSR involved:

> ‘acknowledgement by companies that they should be accountable not only for their financial performance, but for the impact of their activities on the society and/or environment as well’ (CBI, 2009, p.1).

Under this notion, companies have to consider environmental and social issues and use their resources efficiently within environmental and social limits. Holme and Watts (2000, p.7) present another definition:

> ‘‘Corporate Social Responsibility is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community at large’.

However, other researchers, Kurihama (2005) and Blowfield and Murray (2008), agreed to describe CSR as a voluntary activity beyond legal obligations. Whether companies agree or disagree to consider social issues, they are under stakeholders' pressure to be responsible (Husted, 2003). Thus, CSR seems an unavoidable phenomenon, where, in principle, it takes all the factors that impact on society into account. Moreover, it helps firms create and maintain effective relationships with society, with consideration of the nature of society and culture (Kurihama, 2005). In the same context, recently, debate over the inclusion of social and environmental objectives within the organisation's priorities has been a primary concern. Generally, however, corporate responsibility concerns the company's impact on the society and environment, if this impact may be broadly conceived, and not straightforwardly acknowledged. It should be mentioned that many authors consider and deal with corporate social responsibility as a synonym for corporate sustainability (Marrewijk, 2003; Wilson, 2003; Ebner and Baumgartner, 2006; Milne and Gray, 2007). This section treats CSR reporting as a quite general notion, but if so how can it be distinguished from other notions, such as sustainability?

3.2.3.3 Corporate Sustainability Reporting (CSR)

For Ebner and Baumgartner (2006, p.8):

> ‘Corporate Sustainability is related to the agency principle and is meant to focus on value creation, environmental management, environmental friendly production systems, human capital management’.

Also, according to Hinrichsen (1987, p.7), sustainability:

> 'meets the needs of the present without compromising the ability of future generations to meet their own needs'.

For Roberts et al. (2008, p.90), sustainability is 'satisfying present needs of society without sacrificing future needs of society'. Thus, it relates to both present and future generations, requiring that the social and environmental needs of these generations are met. Further, sustainability seeks to reach social justice through applying eco-justice.[7] Thus, it could be argued that sustainable development is based on the principle of a stable relationship between the natural world and human activities (Ebner and Baumgartner, 2006).

Despite corporate social responsibility and sustainability being notions close in meaning, sustainability is often seen as a more comprehensive concept than responsibility. For some, both concepts concentrate on a triple bottom line, i.e. the social, environmental and economic. Substantively, sustainability focuses beyond efficient usage of resources over time to a fair distribution of resources between present and future generations (Milne and Gray, 2007). Thus, sustainability is substantively a long-term view. Hence, corporate sustainability concentrates on the corporate impact on the environment and society, while responsibility is concerned about how a company impacts on society and the environment (Wilson, 2003; Milne et al., 2007). For Beckett and Jonker (2002), the social dimension of sustainability is not clear yet, because of its focus on the environmental dimension. Some companies, e.g., in the service sector, view their environmental impact as minimal, while others in the industrial sector are deemed to have more environmental impact.

[7]Social justice is an idea coined by Jesuit Luigi Taparelli in the 1840s. For Kundu et al. (2007, p.10): 'Social justice refers to a concept of a society in which justice is achieved in every aspect of society, rather than merely the administration of law.'

3.2.3.4 Accountability

According to accountability theory, the term ‘accountability’ refers to the duty of accountors (agents/directors/managers) to provide an account (information/report) to accountees (stakeholders/users/society). Therefore, as Gray et al. (1996, p.38) mentioned:

> ‘…accountability involves two responsibilities or duties: the responsibility to undertake certain actions (or forbear from taking actions) and the responsibility to provide an account of those actions’.

Hence, to discharge this accountability requires providing information, financial and non-financial. Some accountees have a legal right to information, e.g. shareholders. Some stakeholders may have a contractual relationship but not expect an account, e.g. employees (Gray et al., 1996), if it may yet be deemed desirable that the corporation is accountable to them. Moreover, part of emancipatory accounting is to render an entity’s socio-economic activity visible. Making social problems visible may be seen as an enabling or emancipatory potential of accounting, as providing information may bring nearer a resolution.

Further, the accountability between accountee (principal) and accountor (agent) differs depending on the accountee. E.g., managers may be accountable to workers for their salary and health and safety, as well as all employees’ rights, while employees may be responsible for their work performance. From this, one can understand that accountability may be determined by the contractual relationship between the different parties (Gray et al., 1996). On another hand, some have a deeper view regarding the meaning of accountability. Jeremy Bentham has such a view, as reported by Gallhofer and Haslam (1993, p.326):

> ‘accountability is not so much about holding responsible and judging behaviour; nor does it assume a simple agency-principal relation…Accountability appears equivalent to the ability to render accounts conducive to well-being’.

However, for better understanding of accountability, one needs to distinguish between legal and non-legal responsibility, and mandatory and voluntary actions. For Justice (2002, p.4), corporate accountability 'refers to the obligations imposed on corporations by governments', while, corporate responsibility refers to the 'voluntary activities idea'. Nevertheless, doubtless the initial accountability, which organisations should take into account, is laid down in law, where each entity has to provide an account to all interested parties, but the arguable issues are in account details.[8] As a legal requirement, companies may have to protect employee health and safety, while by the law it may be unnecessary for companies to run recreational activities for workers. For the former, there are typically formal regulatory processes (e.g. inspections), which may or may not involve reporting for accountability to the public (Gallhofer and Haslam, 2003); regarding LCBs, this issue will be explored in chapter five.

For Tinker (1984), accountability should be imposed by the principal, which could be the community. It should not be left entirely to an agent to decide what to reveal or obscure. At the same time, Gray et al. (1996, p.43) argued that 'accountability can be due, even when it cannot be enforced. A moral or natural right to information flows from an established (legal or non-legal) responsibility'. Away from this controversy, it can be inferred that the main thrust of accountability is that all information about an organisation's activity should be available to all interested parties. That would be the presumption of accountability (Gallhofer and Haslam, 1993).

3.2.4 Business Responsibility and Profit

The profit-maximising view, assumes that business only has an economic responsibility in terms of making a profit and obeying the law (Lantos, 2001). Friedman (1970) deemed the first and only corporate responsibility is to maximise profit or shareholder wealth (in

---

[8] For instance, Libyan commercial law (1970 and 2010) obliges companies to discharge accountability, which includes preparing balance sheets and profit and loss calculations, and other related details, such as estimating the assets, distributing profit to shareholders, decreasing the invested capital and establishing the legal reserve.

general, conventional financial goals) subject to complying with the law. So from a profit-maximising view, an organisation's decisions to invest or adopt an initiative as a result of the global economic system should be motivated by the profit goal. For Lantos (2001 p.26), “companies need to go beyond maximising profits and consider whether their actions are serving society by avoiding unreasonable harms”. Indeed, with mainstream economics, the goal of profit maximisation is difficult to justify in social welfare terms in an imperfect markets context. More generally, a business organisation has consequences for well-being that cannot be assessed by a profit measure (Gray et al., 1996; Gallhofer and Haslam, 2003).

The business will contribute in various ways one of them at least surviving as a financial entity which, in a markets context often implies some profit-making. For Wickert and Schaefer (2011), under the current economic system, profit making could ensure the survival of the business organisation. Social initiatives require profit to cover the social cost, where profit-making enables the company to conduct social initiatives, such as payment of salaries for workers and donations[9]. In practice, a business organisation could not realistically ‘profit-maximise’ (it is not perfect machine for doing this), actually its orientation to profit may vary. The scope for variation will depend on the nature of the market (Simon, 1976). More generally it is linked to varieties of capitalism (see Collison et al., 2010).

Profit maximisation or making profit is not merely a subject of business wishes, but restricted to, or influenced by, the context in terms of laws, regulations and ideology. Here, the lower the constraint, the greater the emphasis on profit making to the exclusion of other considerations. Where, the consequences of a profit-oriented approach will vary according

[9] Although it is significant to invest in non-profitable activities, banks need to make reasonable profit to conduct other social activities using that profit (see: recommendation in chapter seven).

to the context e.g. aggressive profit-orientation in a context with good social infrastructure may engender better consequences than where context is poor. For Fadel (2006 p.1), in some Arab countries, the "economic system is designed to benefit a narrow class of elites without regard to the public good". Such a system is the worst, where "it systematically adopts welfare-reducing policies".

This study, adopting a pragmatic critical theory, does see some value in markets and the making of profits. To some extent, also, there is a range of 'social' activity that a business can undertake and actually increase this profit (Gallhofer and Haslam, 2003). Indeed, if a company concentrates on 'profit-making', it may miss opportunities to increase its profits through social action, since there is a range of social action or activities consistent with increasing profit. The more extreme form of this is not consistent with profit maximisation. On the other hand, trying to maximise profits makes the company eventually reluctant to engage in social initiatives, unless they achieve economic goals. In brief, more social initiatives and responsibility can reduce profit, 'implying that profits and social performance cannot be maximised simultaneously' (Wickert and Schaefer, 2011 p.14).

In general, accounting can be part of a regulatory framework in a real world context to better ensure that business behaviour is in line with social welfare goals. In the real world, as a result of the dominance of the liberal economic system, the priority of business organisations is to maximise their profit. Therefore, social accounting and reporting may have the objective of replacing conventional accounting with new accountings that are predicated on values broader than maximising profit, but consider this profit within a social and environmental context. Thus considering social accounting could institute a new concept, which is profit with responsibility, enabling an entity to make reasonable profit instead of merely maximising profit. In this regard, under the current economic system, profit with responsibility refers to balancing stakeholder demands and profit-making requirements.

In brief, what is at stake in relation to profit maximisation or profit-making in the disclosure of corporate social responsibility? First of all, 'profit maximisation' is an abstract goal that in practice will always be under achieved. Secondly, the social consequences of an orientation to profit maximisation will vary in different contexts–e.g. if there is a very good social accounting system, a good set of social laws, and so on, its negative effect will be less. Thirdly, social accounting (and social disclosure in general) can influence how a company might be orientated towards profit (it can influence the profitability of a particular strategy)[10] (Gallhofer and Haslam, 2003).

3.3 A Review of Social Accounting and Responsibility in Relation to Developing Countries

Terms such as "developing countries" or "less developed countries" are used extensively by academics and international institutions for various purposes. The United Nations (UN) and the World Bank (WB) are among institutions using such terms. However, they use different definitions for the term "developing countries". The UN acknowledges that there is no agreement on the definition of developing countries. WB, on the other hand, focuses on gross national income (GNI) of individuals as a main criterion for classifying developing countries (The World Bank, 2009; UN, 2009; The Library of Congress, 2008). The Library of Congress (2008, p.1), cited by WB, has contributed to the forming of another definition, combining economic and social: a developing country is where[11]:

> 'The majority of population makes far less income, and has significantly weaker social indicators, than the population in high-income countries...[and] lives on far

[10] In this context, this thesis is not against making profit. While, this varies with context, there is some correlation between profit-making and social considerations.
[11] Since the 'developing countries' term is imposed by Western and imperialist powers, criteria such as history and cultural heritage are not included in the classification of countries.

> less money -and often lacks basic public services- than the population in highly - industrialised countries'.

Moreover, Todaro and Smith (2009, p.820) bring together regions and features of countries in suggesting that developing countries are:

> '…the present countries of Asia, Africa, the Middle East, Latin America, Eastern Europe, and the former Soviet Union, mainly characterised by low levels of living, high rates of population growth, low income per capita, and general economic and technological dependence on developed economies'.

Despite the slight differences between these definitions, they are virtually unanimous on the hallmark characteristics of developing countries. These include the low level of living standards, and poor infrastructure and economic situation compared with developed countries. These characteristics have led many researchers, academics and institutions to debate the related issues, bearing in mind the collective responsibility of governments, societies and businesses organisations. This effort may contribute to enhancing the wealth of society, and aiding poverty alleviation in developing countries (Gray, 1992, 2000; Gray et al, 1996; Justice, 2002; Gallhofer and Haslam, 2003; Crowther and Martinez, 2004; Adams, 2004; Ball and Seal, 2005; Finn, 2009). However, it is no secret to anyone that some developing countries still face a serious challenge to address poverty, hunger and disease. Therefore, in addition to governments' role, business organisations arguably have a significant duty in tackling these issues (UN, 2006). Thus, in the context of paving the way for sustainable development, attention must be given to the consolidation of the relationship with the society in which the entity operates. This attention can be embodied by considering social accounting practice: using it may help one judge if a company takes into account significant social dimensions in its activities. Most companies claim that they are not engendering bad effects through their activity; conversely, they suggest they are considering a wider social responsibility (Blowfield and Murray, 2008).

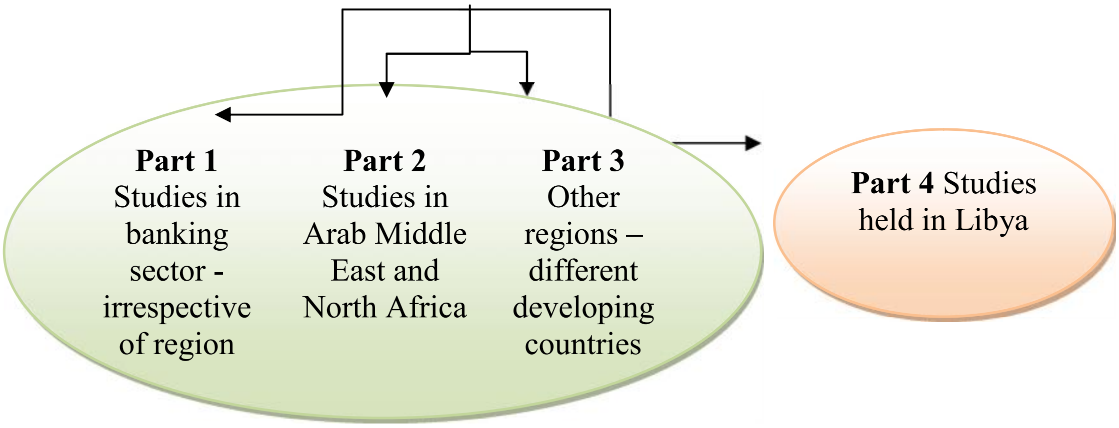
In the following part of this chapter, a sample of previous studies conducted in developing countries will be reviewed and critically evaluated; the focus will be on studies conducted in Libya particularly, and in Arab countries and the banking sector generally. The most common feature among developing countries, for most commentators, is that the level of democracy and transparency are poor (Medawar, 1976; Gray, 1992; Gray et al., 1996; Adams, 2004; WSSF, 2009). Nevertheless, there are other elements that influence the social accounting context, such as religion and culture, which many other countries do not share. Thus, without neglecting the previous studies conducted in other developing countries, especially in the banking sector, this section will focus on previous studies conducted in the Arab Middle East and North Africa (AMENA). This is because countries in that region have roughly similar factors that influence social accounting practice; these common factors are cultural, religious, economic and traditional (Ararat, 2006). The objectives of the compilation and classification of these studies is to achieve the following:

- To provide a brief historical overview of social accounting and its conceptions in developing countries.
- To gain insights from these previous studies for this one, especially since these countries share common characteristics with the Libyan environment, economically, socially and culturally.
- Insights into what has been done in the social accounting field and what should be done
- To determine the contribution of this study to the literature
- To draw conclusions helping to progress the current study and guide follow-up studies building on the next chapters and empirical study, such as: insights into methods used in the analysis, the factors behind the disclosure, the most common terminology regarding social accounting and responsibility.

3.3.1 Review of Previous Studies in Developing Countries

There are several schemas to categorise the literature review, including content themes, regional analysis, methods, stakeholder groups (Visser, 2008). For the purpose of this study, the review is made on the basis of region and sector, dividing studies into four different groups, as Fig.3.1 illustrates. First, studies on the banking sector, second, other studies in AMENA, third, other studies as classified in the table (see table 3.3) to reflect region/country, themes, method and sample, significant findings and name of author/s and year. The last comprises studies conducted in the Libyan context.

Fig. 3.1 Classification of Previous Studies in Developing Countries



3.3.1.1 Part 1: Studies Focused on Social Accounting and Responsibility in the Banking Sector of Developing Countries

Few studies were conducted in developing countries that focused on social accounting and responsibility of the banking sector. These studies focused on the financial implications of social responsibility. Dusuki and Dar (2005), Dincer and Dincer (2006), Dusuki and Abdullah (2007), Poolthong and Mandhachitara (2009), and Al-Ajmi et al. (2009) focused in their studies on the relationship between social responsibility in banks and customers' selections/decisions.

Dusuki and Dar (2005) explored the perceptions of various stakeholders in Islamic banks in Malaysia regarding the social responsibility of banks.[12] They reported on a large number of stakeholders' perspectives. Moreover, their study was based on testing a key hypothesis formulated as follows: 'Stakeholders in Malaysia apply equal importance to the CSR factors along with other banking selection criteria when making a judgment about patronising Islamic banks' (p. 403). Further, the study indicated that positive views of CSR are held by stakeholders of Islamic banks in Malaysia; such positive views represented bank selection criteria. Also, Al-Ajmi et al. (2009) found that social responsibility and the adaptation of the Islamic system represent the most important factors determining bank selection in Bahrain. The authors reached their conclusion after examining two groups of banks, conventional and Islamic, in Bahrain.[13] The findings by Dusuki and Abdullah (2007) reflect that corporate social responsibility initiatives, among other factors, have a key impact on customer behaviour in choosing between two groups of banks in Malaysia.[14]

Dincer and Dincer (2006) aimed to identify the link between banks in the Turkish banking sector acting in a socially responsible manner in terms of environmental investment and customers' decisions. The result suggested that participating customers had a remarkable concern for the environment, reflected in their decisions with respect to banking, but were not ready to bear the burden of the cost that may result from environmental protection. The research used a questionnaire[15], and also included a literature review on the relationship between customers' attitudes and environmental concerns.

---

[12] A questionnaire was distributed to key groups: customers, depositors, branch managers, employees, Shariah advisors, regulators (Central Bank officers) and local communities. The conclusion: social responsibility is part of the Islamic banking system in Malaysia by virtue of the requirements of Islamic Shariah.

[13] Al-Ajmi et al. (2009), analysed 655 questionnaires returned completed from 1000 distributed.

[14] Dusuki and Abdullah's (2007) study used questionnaires to collect responses from 750 participants in 52 different branches of Islamic banks. In addition to factors like financial reputation and quality of service, the results reflect a deep interest by participants in the level of social responsibility practiced by Islamic banks.

[15] The questionnaire targeted banking customers visiting different branches of banks in Istanbul.

Poolthong and Mandhachitara (2009) also confirmed a direct correlation between customers' trust of banks and social responsibility. The study investigated the impact of social responsibility initiatives on service quality and brand effect, as well as the trust element, from retail banking customers' perspectives in Bangkok. The study pointed out the importance of giving more attention to stakeholders besides shareholders, to foster sustainable development in banking.[16] The results evidenced a positive relationship between social responsibility initiatives and perceived service quality.

Narwal (2007) also focused on the financial implications of social responsibility. The study set out to examine empirically the determinants of corporate social responsibility initiatives in Indian banking, and the extent such responsibility may aid bank performance. The results indicated that banks seem to be interested in factors such as health, environmental marketing and customer satisfaction and education. This elucidated that the banking sector in India has a positive approach towards corporate social responsibility as a key element in determining their general performance. It should be noted that the researcher reached such results by using statistical analysis of data collected by a questionnaire administered to 33 public/private banks in the sector.

Studies by Barako and Brown (2008), Khan et al. (2009), Khan (2010) and Hinson et al. (2010) focused on social disclosure in the media communications of the banking sector. Barako and Brown (2008) investigated corporate social reporting disclosure, and gender and board representation in Kenyan banks. A disclosure index was used to investigate reporting practice in the annual reports of 40 Kenyan banks. Using that method and sample, the researchers tried to examine the views of many participants/stakeholders, including women. The study confirmed that "the level of disclosure of social information disclosed

[16] The study adopted a closed-end questionnaire generating 275 bank customer responses in Thailand, including males and females.

by Kenyan banks is very low…In particular, banks do not disclose important information relating to recruitments, employment of special groups, assistance to retiring employees, employees productivity and turnover" (Barako and Brown, 2008, p.320).

In the Indian subcontinent, Khan et al. (2009) and Khan (2010) carried out separate studies in Bangladesh. The first investigated key stakeholders' perspectives on social accounting/reporting within the banking sector in Bangladesh using two different methods, content analysis and questionnaires. Content analysis was used to investigate the disclosure in annual reports of 20 banks listed on the Dhaka Stock Exchange. The purpose was to explore non-financial disclosures in these reports. Further, a questionnaire was distributed to key stakeholders to evaluate their understanding of annual reports. Results reflected that in terms of non-financial disclosure in annual reports, there is not much information available. The study also considered that stakeholders in these banks are looking forward to more social information in these reports. In general, authors inferred that the level of disclosure is less than what stakeholders would like to see. However, the study showed that banks focused mainly on human resource disclosure, while some banks disclosed their contribution to social activities in the community.

Khan (2010) used content analysis to explore social information in annual reports for the period 2007-08. The sample was all private listed commercial banks in Bangladesh. The study explored the potential effects of corporate governance elements on CSR disclosures, the extent of women's representation on the board, and its relationship to the level of disclosure. Findings showed that the level of social disclosure is not associated with women's representation on the board. Another finding of the study was that social disclosure is not formally required, yet the research found 'really impressive' CSR disclosure. The research highlighted that Bangladeshi banks gain their legitimacy through involvement in society, extending their social responsibility towards education and health sectors.

Hinson et al. (2010) investigated 16 banks' websites in Ghana to explore banks' communications regarding CSR programmes and intentions. Findings of the research suggest that corporate websites do not contain sufficient information regarding CSR activities. Moreover, the study shows the poor CSR communication in banks' websites. The result that has attracted attention is that the best banks that had won CSR awards in Ghana were those that were the worst in CSR communication. Also, findings showed that foreign banks with rich international experience have poor CSR communication in their websites. It should be noted that the sample was banks' websites only, and the reason for the lack of disclosure may be, as stated by the authors: 'banks operating in developing economy contexts might still not have fully grasped the importance of the Internet in positioning themselves internationally' (Hinson et al., 2010, p.514).

Al-khater and Naser (2003) conducted a study in Qatar attempting to investigate users' perceptions of corporate information and accountability. The users whose perceptions were of interest included bank officers, academics, external auditors and accountants. A questionnaire utilising a five-point Likert scale was distributed to a selected sample to investigate their response regarding the importance of the accountability notion, especially in terms of the possibility of including social information in the corporate annual report. Most responses agreed with the view that social information should be included in the report. Also, to oblige organisations to disclose such information, the participants recommended that necessary legislation should be enacted.

In a study on an African country, Nigeria, Achua (2008) argued that corporate social responsibility was a priority to achieve stability following Nigerian banking reforms. The author argued that the banking sector should consider all stakeholders' needs.[17] The study discussed globalisation's impact on the banking sector. The findings demonstrated that banks should consider stakeholders in their policies. The study also confirmed banks should use their economic power and position for broader social goals by acting responsibly towards society, considering ethical behaviour, adopting transparency, and accountability. The study also suggested that for effective reforms, corporate social responsibility should be part of a bank's report.

Al-Marri et al. (2007) conducted a study of the banking sector in the United Arab Emirates (UAE) to investigate management success factors. Among many factors, corporate social responsibility embodied one of the significant factors in the critical success of total quality management. To reach this result, the authors relied on questionnaires distributed to 250 banks in the UAE.

Studies in developing countries regarding the social accounting and responsibility of the banking sector remain limited. For Barako and Brown (2008, p.320), this is because of 'the sector's more stringent regulatory regime'. Very few studies have considered social accounting in the banking sector. In these few studies, issues such as the role of banks in social welfare and developing the national economy were scarcely considered. Moreover, most studies focused on social disclosure for key stakeholders having a clear link with profitability, notably the shareholders. This reflects the dominance of mainstream, counter radical, social accounting. Also, the historical and legal background of these countries and their impact on social responsibility practices, were also scarcely considered, if the historical experience of these countries could explain to a large extent the social practice of banks. It could also be noted that the social accounting and responsibility studies in the

[17] The researcher reviewed corporate social responsibility literature and the policies that were adopted in the Nigerian banking system.

banking sector rely mainly on questionnaires and content analysis/disclosure index, alongside literature overviews. None of them used interviews of stakeholders to gain a deep understanding of social accounting and responsibility.

3.3.1.2 Part 2: Studies Focused on Social Accounting and Responsibility in the Arab Middle East and North Africa

Few studies were conducted in AMENA regarding social accounting and responsibility (Ugur and Erdogan, 2007). These studies focused in general on social responsibility disclosure, motivations for social responsibility and factors influencing social accounting.

In separate studies, Abu-Baker and Naser (2000), Naser et al. (2003), Naser et al. (2006), Kamla (2007), Rizk et al. (2008), Salama (2008), Hossain and Hammami (2009), and Rahahleh (2011) investigated social accounting and responsibility in different Arab countries. Abu-Baker and Naser (2000) carried out a study on several sectors, including banks, to investigate the level of social reporting in 143 sample companies in Jordan.[18] Content analysis was used to extract information from the annual reports. Findings reflected that companies in Jordan do not provide much social information in their annual reports. This is especially the case in the banking sector, where the social information provided related to financial transactions, and was thus limited to the conventionally assumed interests of shareholders, potential investors and creditors. Naser et al. (2003) scrutinised the perception of corporate reporting users to corporate reporting in Kuwait. Although aiming to investigate corporate reporting in general, the study's results drew attention to the type of information required by specific groups with a financial interest. The study considered investors, credit officers, financial analysts, auditors and stockbrokers. The result suggested that those users show little interest in broader CSR

[18] These, according to the authors, represent 83% of companies listed on the Amman Financial Market.

information. The authors reached this result among others after surveying the perspectives of eight different stakeholder user groups in Kuwait using a questionnaire.

Hossain and Hammami (2009) used a disclosure index to investigate voluntary disclosure in the annual reports of 25 listed firms on the Doha Qatar Securities Market. Seven of these corporations were banks. Findings reflecting social disclosure themes are present in the reports. Naser et al. (2006) used content analysis to examine the annual reports of 21 (95%) of the companies listed on the Doha Stock Exchange in Qatar. The sectors included banking and finance, insurance, manufacturing and services companies, for 1999/2000. The aim was to explore the extent of voluntary corporate social disclosure. The findings suggest that this disclosure was less than expected (33% of companies). Further, the results indicated the difference in corporate social disclosure associated with company size and market capitalisation. The authors inferred from their results that large companies might wish to appear more responsible, being the more visible, having greater opportunities to obtain loans and hence being under more public pressure. An interesting and notable finding was that financial and non-financial companies have approximately the same level of disclosure.

Considering further the appreciation of a Middle Eastern perspective, Kamla (2007) explored, in an extensive study, especially in terms of the regions covered, social accounting manifestations in nine Arab countries: Saudi Arabia, Kuwait, Qatar, Bahrain, Oman, United Arab Emirates (UAE), Syria, Jordan and Egypt. A further objective of the study was to determine the extent to which accounting practice in these contexts was influenced by the Western system and experience. Thus, the author initially reviews the impact of the Western occupation and Islamic culture on these countries. Content analysis is used to explore the annual reports of 68 companies in these countries. Using a critical and postcolonial perspective, the study concluded that there was no significant difference between CSR practices in these countries and western countries, such as the UK, in terms of employees' disclosure. Issues relating to employees and the community were more frequently found in reporting than issues related to customers and the environment.

In the Egyptian context, Rizk et al. (2008) and Salama (2008) conducted separate research studies in social responsibility reporting. Salama (2008) focused on online social reporting to all corporate stakeholders. Content analysis was utilised to assess social reporting in the selected sample, which included 16 Egyptian organisations with online reports or websites. The research results reflected that a significant proportion of companies in the construction sector were interested in disclosing social information, while companies in other sectors were less interested in disclosure. The author arrived at the overall impression that Egyptian companies' responsibility towards the community is far less seriously considered than it should be. Besides, the author attributes reasons for the lack of disclosure to the absence of legislation, as well as a lack of public awareness.

Rizk et al. (2008) examined practices of social and environmental reporting in the Egyptian context, surveying environmental reporting practices in a sample of 60 annual reports for the financial year, 2002, in nine industrial sectors. The results confirmed that there were some differences in the social and environmental disclosures of Egyptian companies. In Jordan, Rahahleh (2011) also reviewed environmental reporting. He discussed the factors promoting adaptation of environmental accounting in Jordanian industrial cooperation companies. As the researcher noted, Jordanian companies are reluctant to disclose environmental information in their annual reports. The study mainly relied on a questionnaire distributed to the financial managers and accountants of 89 Jordanian industrial cooperation companies. It recommended raising awareness among accountants and managers and that government should encourage firms to consider environmental accounting through endorsing binding legislation for incentives and tax exemptions to encourage the practice. Also the study recommended training accounting personnel and issuing accounting standards guidance in respect of environmental issues.

Ararat (2006) and Emtairah et al. (2007), in separate studies investigated motivations for CSR. Under the auspices of The International Institute for Industrial Environmental Economics, Sweden, Emtairah et al. (2007) carried out a study of social responsibility in Saudi organisations. The study aimed to understand the motivations behind corporate social responsibility in the Saudi context from the private sector perspective. Further, another target of the study was to determine the level of corporate social responsibility in Saudi companies. Interviews were used and the sample was the top 100 Saudi companies. A striking result was in claiming that Saudi companies seem more responsible than is reflected by the media. The authors attributed the reason to the low level of social disclosure regarding corporate social responsibility.

Ararat (2006) conducted a study on a large number of countries in the Middle East and North Africa. This study adopted the approach of compiling a collection of papers, which had been prepared by people working and living in their own countries in the Middle East and North Africa. These papers were presented in a workshop organised by the New Jordanian Research Centre. The workshop was about strengthening corporate social responsibility in entities located in the Middle East and North Africa, and so reviewing these papers represents a research method. It may be noted that cultural and traditional characteristics are similar across these contexts. This study may help detect common elements that define social responsibility in that area. Among the main conclusions of the research are the motivations behind adopting CSR, since they differed from country to country as table 3.2 shows.

Motivation \ Country	Turkey	Morocco	Egypt	Palestine	Jordan	Lebanon
Improve the investment	/		/			
Increased international and local competition	/		/		/	
International business relations;	/	/	/	/	/	/
International Codes of Conducts	/	/				
Comply with International Standard	/	/				
Government; new laws and regulations	/	/	/	/	/	
Improvement of existing laws and regulations	/		/			
Relations with European Union	/	/			/	
Consumer preferences	/	/	/			
Activism of Global Civil Society Organisations	/					/
Awards and ratings	/					

Table 3.2 Motivations behind CSR (Ararat, 2006)

The results include that globalisation significantly impacts on corporate behaviour. CSR is driven by business needs and political choice rather than by societies' needs and wants.[19] Study findings reflected the incomplete role of women, so it suggested considering women's role in social life.

Other studies in AMENAN countries explored different themes related to social accounting and responsibility (Hourani, 2006; Rahahleh and Sharairi, 2008; Rettab et al., 2009; Charbaji, 2009). In Lebanon, Charbaji (2009) examined the extent of the obligation regarding the principles of corporate social responsibility in the context of globalisation. For that purpose, a questionnaire was distributed to a sample of employees with university degrees, encompassing 278 of those working in the public and private sector in Lebanon. Results reflected stakeholders' beliefs that globalisation and a growing sense of corporate social responsibility were contributing to the formation of a new 'Arab identity and culture' (Charbaji, 2009, p.385). In the United Arab Emirates, Rettab et al. (2009) examined the link between CSR and corporate performance, using survey data from 280 companies working in Dubai. The findings suggest that employees' commitment to corporate reputation and financial performance have a positive relationship with CSR activities.

[19] The researcher reached the results by examining corporate social responsibility and using Carroll's and Hofstede's analytical frameworks.

Hourani (2006) wondered why corporate social responsibility may be an important and decisive factor in the Arab world. In this regard, the author focused on the role of the private sector in enhancing such responsibility. Later he found that the responsibility consideration depends on several factors, including the nature of regional and economic development as well as external factors such as globalisation's requirements. These factors for the author may assist in developing the responsibility concept by facilitating the upgrading and improving of corporate management so that it is more accountable and transparent. Also, the author considers responsibility as a collective effort, where each corporation and government, as well as civil society, has a role to play in improving the level of responsibility. Besides, the author stresses the need for a regional vision of responsibility. To obtain data, the author reviewed social initiatives adopted by the private sector in some Arab countries, including Egypt, Jordan and Lebanon. The author concluded that corporate social responsibility should be in accordance with a systematic policy, not just a reaction due to the pressure of local or international forces or a problematic public relations campaign.[20] Among the recommendations that came out was the need for a committee under the highest authority in the organisation to deal with corporate social responsibility. Rahahleh and Sharairi (2008) depended on an analytical and descriptive approach in endeavouring to identify the extent of social accounting application in the qualified industrial zones in Jordan. The study sample comprised 107 companies for 2006, and questionnaires were distributed to all of them. Statistical analysis was applied. The study concluded that there is a kind of social accounting application in some companies but: 'There is no adequate recognition of the concepts of social responsibility accounting' (p.15). The authors go on to recommend that the necessary legislation should be enacted to impose social accounting practice on organisations. Again, despite the rich historical

[20] This is consistent with the notion of designing a social accounting system that is integral to this thesis.

experience of AMENA countries, most studies ignored the history of those countries. Some have clearly indicated globalisation's impact on social accounting and responsibility (Hourani, 2006; Ararat, 2006; Charbaji, 2009). Others have indicated the law's impact on the level of social accounting and responsibility disclosure (Salama, 2008; Rahahleh and Sharairi, 2008; Rahahleh, 2011). Interviews to get information and/or engage in dialogue with stakeholders were rarely used.

3.3.1.3 Part 3: Studies Focused on Social Accounting and Responsibility in Other Developing Countries

It would be appropriate to start from a relatively new study that focused on the region rather than a specific national context. This study used a descriptive approach to describe the CSR that had actually manifested in developing countries, as well as uncover drivers behind corporate social responsibility. Visser (2008) classified the literature on CSR in developing countries into several categories: economic, philanthropic, legal and ethical responsibilities. The author relied on a review of previous studies as a research method. In conclusion, the author proposes a model of CSR in developing countries. The study's results reflected that CSR did not take a specific form or content. Visser (2008) divided drivers behind CSR into two: internal pressures within the country and external pressures from global organisations. Notwithstanding, the study reflects a general perspective of corporate responsibility in developing countries, but still generalizes results for all developing countries, which remains a matter that needs to be reconsidered, especially where there are many factors differentiating those countries, such as culture and tradition.

Other studies regarding social accounting and responsibility in developing countries are collected and classified into Table 3.3. In the table, different studies on developing countries are considered to complement prior studies in the banking sector and AMENA.

Table (3.3) List of Selected Previous Studies in Developing Countries

N	Region/ Country	Themes	Method and Sample	Significant Findings	Authors and Year
1	Different developing countries	Corporate social responsibility, standards and regulation.	As method the author reviewed literature on developing countries. Also related studies 'Social Responsibility Standards and Global Environmental Accountability'.	Outcome confirmed the importance of international standards in strengthening corporate social responsibility.	Murthy (2007)
2	Developing Asian countries	The role of business organisation in society and human rights.	Thorough review of literature such as UN, 1948. Universal Declaration of Human Rights. United Nations and World Bank Group.	Study promoted the role of CSR in linking the profit motives of market economics and social and ecological responsibilities, including human rights.	Abeysuriya et al. (2007)
3	Malaysia	Discovering the relationship between financial and non-financial performance, by comparing the average returns of monthly profit in companies, which do not consider CSR and others.	Using content analysis, also sample comprised 100 companies in Kuala Lumpur Stock Exchange Composite Index.	The result of the study showed that there is no evidence of the link between financial performance and non-financial performance in Malaysia.	Ramasamy et al. (2007)
4		To investigate the Malaysian publicly listed companies' commitment to provide an account of how to manage environmental performance and their link with ISO 14001 certification.[21]	Content analysis is used on annual reports of top 50 Malaysian organisations listed on the Bursa Malaysia in the 2003financial year.	Results confirmed the lack of environmental information. The results show that 36 of 50 companies provide some information regardless of environmental performance in their annual report. Also from these 36 companies, 13 of them comply with ISO 14001certification.	Sumiani et al. (2007)
5		Examining the extent, nature and motivation behind environmental disclosures, and the reasons for such disclosure in the Malaysian context.	Two methods for different purposes. They used content analysis of annual reports for environmental disclosures. A questionnaire survey was used to determine the reasons for disclosure.	Findings showed that the level of environmental disclosures was very low. From annual reports most, companies in the sample are not interested in disclosing environmental issues.	Ahmad and Sulaiman (2004)

[21] ISO 14001 is an environmental management system aimed at assisting entities in enhancing their environmental performance.

Table (3.3) List of Selected Previous Studies in Developing Countries (Continued)

6	Malaysia and Singapore	To determine the extent of interest in corporate social disclosure of foreign and local companies in Malaysia and Singapore.	Survey as a method to examine 119 sample companies in the year ending December, 1983	The results indicated that corporate social disclosure was related to companies' size, whereas the larger foreign companies were more interested to provide social information than smaller local companies.	Andrew et al. (1989)
7	Bangladesh	Examining the relationship between social and environmental disclosure and several corporate attributes	Disclosure index used on annual reports for 2002-2003 in companies listed on the Dhaka Stock Exchange.	The study infers that due to its voluntary nature, social and environmental accounting is not much attended to by companies in Bangladesh; this is in spite of large companies being more interested to report than other companies.	Hossain et al. (2006)
8		Examining the social accounting practices of a small sample of multinational corporations in Bangladesh	Content analysis was used to obtain information from annual reports of 17 prominent multi-national corporations and large locally-based firms operating in Bangladesh, including in the banking sector.	Results suggest that entities covered by the sample pursue social and environmental reporting due to various reasons including the ethical.	Quazi et al. (2007)
9	China	Examining how national and international companies working in China are managing their social responsibility.	Content analysis conducted of websites, focused on a sample of 100 Chinese companies and 44 global companies, all of them having Chinese-language websites.	Results suggested that companies working in China were conducting CSR as the result of ad hoc philanthropy, strategic philanthropy and ethical business conduct.	Tang and Li (2009)
10		Exploring corporate social responsibility practices in China	Interviews in various sectors involve: manufacturing, finance, and primary produce sectors	Results confirmed that most corporate social responsibility covered the three domains of responsibility – fiduciary, environmental, and social.	Ewing and Windisch (2007)
11		Exploring the influence of culture on corporate disclosure.	Disclosure index method is applied to the 2003 financial report of 120 listed Chinese's companies.	The result reflected that there is some change in China's culture. The findings showed that listed companies have more disclosure in stakeholders' interest and workers issues.	Qu and Leung (2006)
12	Thailand	The level of social and environmental accounting practice in Thailand and reactions of accountants	Using a questionnaire and interview as research methods.	Study confirmed that there were positive attitudes among accountants and auditors to environmental issues in Thailand reflected in the development of social responsibility.	Kuasirikun (2005).

Table (3.3) List of Selected Previous Studies in Developing Countries (Continued)

13	India	Enquiring into the extent to which anti-environmental activities may affect the economic development in the nation.	The literature review represents the research method as well as content analysis of some Indian companies.	Results reflected the inadequacy of information in environmental reporting. Authors attributed the poor information to a lack of public awareness and the absence of the necessary local standards.	Alok Kumar et al. (2008)
14	Turkey	Exploring corporate social responsibility and how to conduct ethical business in Turkish companies	Questionnaire survey of 30 sample companies working in Turkey	The results confirm that the stakeholder concept is not well understood by Turkish companies. Companies think stakeholders should not interfere in the affairs of the company. In addition, companies do not consider customers as stakeholders.	Ararat and Göcenoðlu (2006)
15	Iran	Exploring corporate social responsibility from stakeholders' views in Iran. The extent of understanding of CSR by different groups.	A five-point Likert Scale questionnaire was adopted as a research method. It was distributed to six different groups representing stakeholders of businesses organisations.	Although the results showed that there is some kind of attention to CSR, the level of attention was less than expected, while each group sees CSR from its perspective.	Salehi and Azary (2009)
16	Indonesia	Examining the role of a regulator in promoting CSR, and how to use the regulator to enhance accountable CSR reporting	Reviewing Indonesian Corporation Law No. 40 of 2007, as the regulator of CSR, as a research method.	Writer inferred that government role can be strengthened by using CSR regulations imposed by law. Although, he believes that business competitiveness may be constrained as a result of too much regulation on CSR. However, in general, the level of CSR in the Indonesian environment less than expected.	Utama (2009)
17	Context of Latin America Brazil, Colombia, and Bolivia	Examining CSR development, followed by a description of key stakeholders.	Interviews and questionnaires were carried out with various types of stakeholders, such as academics, exporters, NGOs, government, the private sector, civil society and media.	The study concluded that in spite of each country having its own particularities in terms of CSR, results can be generalised to other countries in Latin America. Also, the study confirmed the significant role of the media, NGOs, universities and government as key stakeholders to regulate and promote CSR in entities.	Desy et al. (2006)
18	Mexico	Corporate social responsibility performance examined across the domains of the environment, labour and the community.	Questionnaire survey of companies in the Mexican auto industry.	The result found out that CSR performance in emerging markets are developed significantly more than ever	Muller and Kolk (2009)

Studies in other developing countries discussed wider issues than those discussed in AMENA countries, including, e.g., the role of business organisations in society and human rights, and the role of a regulator in promoting CSR. However, some issues still associated with social accounting and responsibly did not get enough attention, e.g. the role of civil society and the political system in a country. Also, the contextual mechanism to develop social accounting and responsibility in those countries was not discussed enough.

3.3.1.4 Part 4: Studies Focused on Social Accounting and Responsibility in the Libyan Context

Compared with developed countries, studies on developing countries regarding social accounting and reporting seem to be quantifiably lower, as is particularly clear regarding studies on the Middle East and North Africa (Ugur and Erdogan, 2007). Also, Libya is far worse here than many other developing countries, as there are very few studies on social accounting in Libya. The studies are limited to Ahmed (2004); Ahmed and Gao (2005); Mashat et al. (2005); Pratten and Mashat (2009); and, Ahmad and Mousa (2010).[22]

Ahmad and Mousa (2010) used content analysis of the reports of Libya's 18 largest industrial companies over the period 2001 to 2007 to investigate environmental disclosure. The study focused on the period after Libyan environmental law No. 15 of 2003 was issued. Study findings showed that the quantity and quality of reporting developed over time, but remain less than expected. In a previous study, Ahmed and Gao (2005) concluded that there was scarcity and insufficiency in corporate environmental disclosure in annual reports of Libyan industrial companies. Comparing between the two studies, it can be seen that the 2003 Libyan environmental law contributed to developing the quantity and quality

[22] This research considered social accounting and responsibility studies in the English language.

of environmental reporting in Libyan industrial companies. Mashat et al. (2005) explored corporate social and environmental disclosure using a questionnaire of 438 participants, including external auditors, financial managers, academic accountants, bank credit officers and government officials. Participants deemed disclosure of socio-economic benefit insufficient and wanted more. In practice, disclosure was limited to particular stakeholders. The authors suggested that social responsibility should be mandatory.

Pratten and Mashat (2009) examined the extent to which corporate social disclosure in the Libyan context was in line with Western practice. Two different methods were used to distinguish Libyan characteristics in the social accounting field. Content analysis was used to determine the level of social information disclosure in the sample. The sample included annual reports of 56 Libyan companies. A questionnaire was used to examine attitudes of different groups towards corporate social responsibility. These groups included academic accountants, financial managers, government officials, bank credit officers, and external auditors. The findings, however, can be divided according to sources of information analysed. All respondents confirmed that companies concentrate mainly on disclosing the financial in their reports, such as tax information, information to investors and data to facilitate financial transactions. The participants concur that stakeholders have a right to reach and obtain non-financial information in spite of the absence of such information. Also they attribute that absence to the deficiency of appropriate legislation, as well as the failure of managers to adopt social accounting. On the other hand, results obtained from analysis of the annual reports indicate some social information, especially that related to employees, yet the information regarding environmental issues did not exceed 21%, in the best case. In general, the authors noted that the amount of space devoted to social issues in annual reports was increasing from year to year. Nevertheless, the level of disclosure was varying according to stakeholders as well as from sector to sector. However, the authors concluded that CSR disclosure is different than that found in the West. The authors argue that what makes the disclosure different is the socialist ideology and Islamic principles. Thus, companies in the West need to satisfy stakeholders and shareholders to increase profit, while, in Libya 'there is no obligation for any firm to create profit' (p.313). Such a conclusion reflects the time of the empirical study, where the public sector was dominant. The authors studied 56 companies, where only three of them were private, and four were mixed, i.e. government and private sector. This means that the research focused on government companies. In Libya, latterly, there has been greater openness, privatisation and more foreign companies, a context which may yield different results.

Ahmed (2004) examined corporate environmental disclosure of Libyan companies. Content analysis was used to determine the level of disclosure in annual reports, while questionnaires were used to explore managers' attitudes towards environmental information. Findings showed a low level of social and environmental disclosure in annual reports of Libyan industrial companies, if we exclude some information in those reports regarding health and safety. The results show the positive attitude of managers about the need for environmental disclosure. This reflects a gap between their perceptions and performance - there was a difference between managers' perceptions in supporting the disclosure and weak disclosure in practice. The author attributes that to lack of experience and qualifications of those managers.

From previous studies in social accounting and responsibility in the Libyan context, it can be noted that historical studies on Libya, including on the periods of colonialism and post colonialism, have been neglected. Although most of these studies reviewed the historical and colonial era in Libya, they did not use Libyan history theoretically or in practice, in interpreting results. Ahmida (2005, p.16) reported that we should start to:

> "…rethink the history of colonial and nationalist analyses of modern Libya...critique…current scholarship on Libya, which focuses on Qadhdhafi—ignoring Libyan society and culture—and argues that, under colonialism and postcolonialism, Libyan society confronted contradictions of modernity, genocide, the nation-state, and alienation".

Further, Libyan laws, regulations and ideology were not considered in previous studies in the context of highlighting the gap between these and practice. Those studies mentioning laws and regulations did not highlight this gap. Also, most of these studies inferred that the dominance of the public sector indicated that profit was not a priority for them. However, the status quo has been changing in recent times, with openness, privatisation, a stock market, and the presence of foreign companies. Other important factors, such as lack of democracy and absence of civil society organisations, did not receive enough attention due to the sensitivity of these topics.

3.4 Discussion and Conclusion

The discussion aimed at highlighting gaps in the literature on social accounting and reporting in developing countries in general and the Arab world and the banking sector in particular. The introduction to this chapter started by defining social accounting and related concepts, as well as their relationship to each other. Social accounting/responsibility is based on the relationship and interaction among three main elements. (1) Agency/director: the person/group with a duty to provide information to all interested parties, taking into account the interests of all parties. (2) Principal/stakeholders: a group of people who affect or are affected by the organisation. Therefore, they are interested in knowing the nature of the company's activity. (3) An account/information: the account that could serve all parties (Gray et al., 1996). Further, this account includes financial and non-financial information (economic, social and environmental). Social accounting and related conceptions discussed here are not mutually exclusive. They can be seen as complementary and integral to each other. They involve economic, social and environmental concerns.

The diversity of terms and expressions in social accounting and reporting is apparent in the social accounting/responsibility studies reviewed. Social Accounting is the generic term, yet few studies used this term, while the terms social reporting or social disclosure was widely used in most studies. Further, the term sustainability reporting received less attention. Sustainability suggests a long-term view and considers the environmental dimension (Roberts et al., 2008). However, some sectors such as service and financial sectors see their environmental impact as minimal compared with industrial sectors (Beckett and Jonker, 2002; Milne and Gray, 2007). One can claim that most of the terms mentioned above seem to some extent synonymous with each other, in terms of taking into account profit, people and the planet (3BL).

A literature review of social accounting and reporting indicates that the practice varied between countries, and within countries, and also varied from sector to sector (Mathews, 1993; Kurihama, 2005; Ararat, 2006; Desy et al., 2006; Achua, 2008; Pratten and Mashat, 2009).[23] Attempts to generalise results here may have been unfair, if we take into account that social accounting varies according to location, not to mention that some samples in previous studies were very small (The World Bank, 2007). E.g., Visser (2008) issued a general conclusion on social responsibility in developing countries, while his sample included only two African countries out of 53 countries. However, this does not undermine the significance of the research, which has indicated external and internal motivations for social responsibility in developing countries.

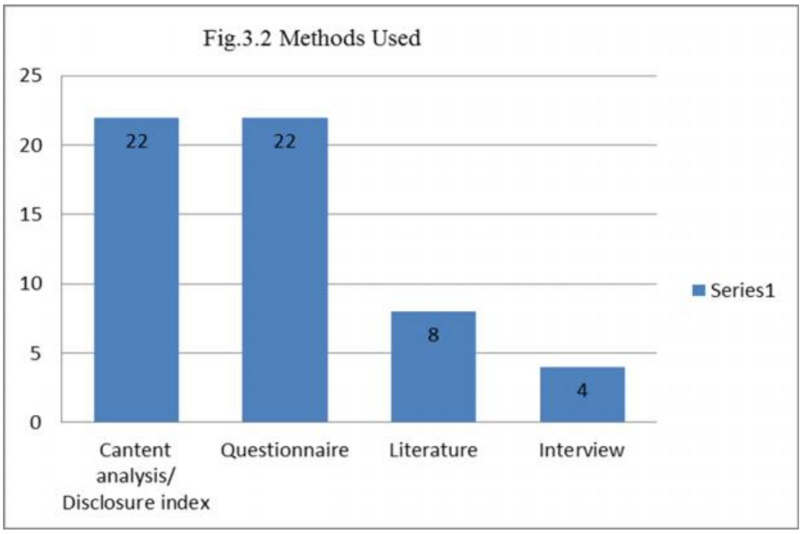
Moreover, a study of a large region may not give the same quality of contextual results as a study in a particular country. E.g., a study conducted generally on Islamic banks concluded that their social performance did not comply with social accounting and responsibility

[23] See other studies in developed countries such as Trotman and Bradley (1981), Roberts (1991), Deegan and Gordon (1996), Gray et al. (1996), Adams and Harte (1998), and Kaya and Yayla (2007).

principles, as ‘social issues are not of major concern for most Islamic banks’ (Maali et al., 2006, p.285). Another study by Dusuki and Dar (2005) for the same purpose, but in a specific country, Malaysia, confirmed that Islamic banks comply with the principles of social accounting and responsibility in Malaysia from stakeholders’ perspectives. This may indicate that researching a specific context could provide more refined results.

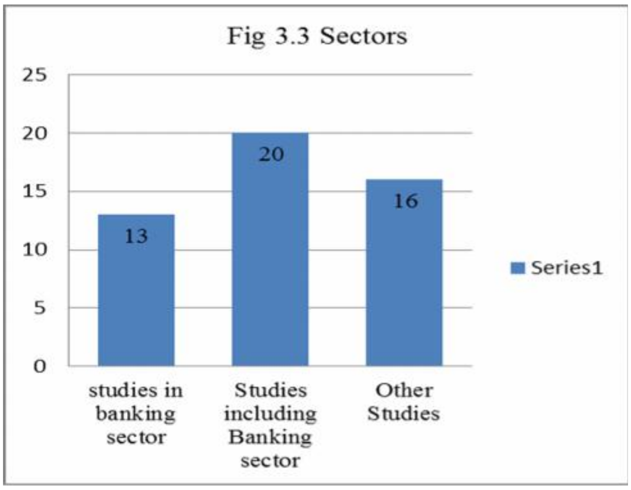
Very few studies considered historical background of developing countries, and the impact of postcolonial or Western values on accounting disclosure and practice (Ahmad and Gao, 2004; Bakre, 2004; Dusuki and Dar, 2005; Kamla, 2007). Dusuki and Dar (2005, p.393) have a different view, arguing that despite the differences between the Western values and principles of Islamic banks, the banks can take advantage of ‘Western theoreticians and international bodies’ in CSR, as the researcher saw most of them as consistent with the teachings of Islam. An issue that should gain attention in the social accounting literature is the impact of globalisation and postcolonialism on social responsibility in developing countries - see Estes (1976), Boyce (2000), Gallhofer and Haslam (2003; 2006) and Unerman and Bennett (2004). This issue has not received much attention in previous studies. Studies such as Ararat (2006), Hourani (2006), Kamla (2007), Murthy (2007), Viseer (2008), Achua (2008), Tang and Li (2009) and Charbaji (2009) have devoted more space to globalisation’s impact, but other studies have substantially ignored it. E.g., Charbaji (2009, p.385) concluded that as a result of globalisation: ‘Lebanese managers and employees are beginning to form a “new” identity and culture’. Also, it could be argued that the type of sample influences the result of the study. Pratten and Mashat (2009) concluded that CSR in Libyan companies was different to CSR disclosure in the West. Their study sample was 56 companies, 49 of them government owned (88%). Government owned companies in socialist countries do not seek profit.

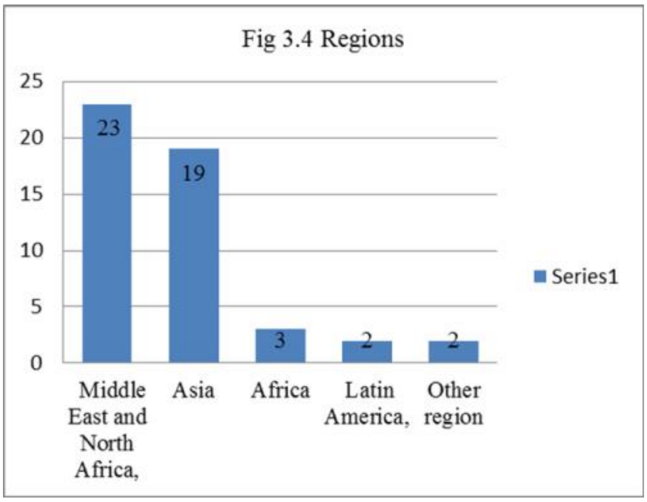
Social accounting may be affected by the culture, which may be affected by globalisation. Tools such as media education technology make people more informed and active about developments. Since these tools are Western in origin, people in developing countries are affected by Western values and thought. In terms of the impact of multinational companies on social accounting, Viseer's (2008) study concluded that even if multinationals pay more attention to corporate social responsibility, they are doing this for their own purposes, including aspiring to global status, but not a sense of responsibility. Also, the study showed the priority issues of social responsibility in developing countries differ from those concerns in developed countries, such as tackling HIV/AIDS, poverty alleviation and improving working conditions. Khan (2010), on banks of Bangladesh, concluded that the existence of foreign entities appeared to have an important implication in terms of improving banks' communication of CSR information. Another important conclusion that can be drawn from those studies is that most of them use content analysis/disclosure index and questionnaires to obtain results (Fig. 3.2).



The importance of content analysis/disclosure index is clear when using annual reports, a key medium of corporate communication, as a source for getting results. An annual report is a significant document for corporations to reflect their social image to be seen by a wide range of stakeholders (Gray et al., 1995b; Neu et al., 1998; Branco and Rodrigues, 2006). But, whatever the findings, they reflect a one-sided view - the entity's perspective, based on reporting put out by companies (Roberts, 1991).

Content analysis (or disclosure index) could verify the existence or absence of social information in annual reports; most studies reviewed here used annual reports as the main media communications to explore the existence of social information. However, the important role of stakeholders in the social accounting and reporting field is well known. Such a role is not only a way to assess and compare the company's disclosure, but also to compensate for the lack of adequate disclosure. This prompts us to think if adopting another method, such as interviews, can support and extend findings derived from content analysis. Interviews are widely neglected; only four studies reviewed using interviews (see Fig. 3.2). Interviews do not depend exclusively on the quality of the raised questions as questionnaires do, but allow an interactive dialogue between interviewer and interviewee, encouraging the participants to explain what they mean, and give deeper insights into respondents' perspectives (Kvale, 1996, 2007; Drever, 1995; Roulston, 2010; Gillham, 2000).





From Figs 3.3 and 3.4, one can see that the banking sector has not obtained enough attention in general, and in AMENA in particular. There were 23 studies in AMENA, with only three of them exclusively on the banking sector.[24] In the social accounting field, AMENA have fewer studies compared with other regions. Ugur and Erdogan (2007) showed that studies in the Middle East and North Africa represent approximately a half per cent (0.05%) of all other studies, although countries in this region represent 12%. Lundgren and Catasus (2000, p.188) reported that unlike many business organisations, banks have been 'highly governed by strict codes of practice'. These strict financial controls are coupled with neglecting social issues. Education and professional accounting practices, as well as globalisation tools, influenced firms' actions, and led them to apply a Western agenda working against the local interest (Held and McGrew, 2002). Few studies in the Arab world or developing countries pay attention to the influence of external factors on the local context, especially on the accounting system. These external factors include the impact of globalisation, e.g. international institutions, and postcolonial changes.

Study on developing countries and social accounting/responsibility, especially in the Arab Middle East, of which Libya is part, has been neglected. A main concern of studies of accounting in the Arab world was in financial accounting and international standards, while social accounting issues were widely ignored (Kamla et al., 2006). Considering developing and Arab countries could give an opportunity to highlight their local communities' voice and make the local requirements visible. This voice has largely been neglected in Western literature. One needs to consult with, and engage, our social actors in social responsibility issues to consider our context and not exclusively rely on what pointers Western literature provides. However, despite this, the Western literature reflects consideration of ethical and

[24] The researcher sought to collect (as much as possible) studies regarding social accounting in the banking sector in developing countries.

social issues, yet most of these issues serve Western requirements and reflect Western values by imposing 'their ethical guidelines' (Khan and Thomsen, 2011, p.74). Thus, social accounting in developing countries tends towards the Western tendency (Gallhofer and Haslam, 2003). Consequently, manifestations of social accounting have a repressive tendency more so than an emancipatory one. As these were designed for service under the pretext of social accounting, they might be more repressive than conventional accounting. In this research, we argue that seeking possibilities of emancipatory change could contribute to eschewing repressive dimensions of accounting in society.

In developing countries, studies confirmed the 'continuity between the period of colonisation and period of independence' (Bakre, 2004, p.2). The colonial period is prominent and important in the history of Arab countries, especially Libya, as the country, as others, suffered from military and cultural imperialism for a long period of time. As was mentioned earlier, most previous studies, especially in AMENA, do not consider the historical background of the country under discussion. Yet, history is very important to understanding the evolution and emergence of accounting, and to know current practices. The reason might be that most of these studies in developing countries depend on theories/approaches that suit developed countries. While these theories pay insufficient attention to the socio-political, economic circumstances of developing countries, additionally, they 'have not paid enough attention to the various cultural and global historical linkages' of developing countries (Bakre, 2004, p.6). In the Arab world, the colonial period is a key historical period. However, the colonial period has been replaced by postcolonialism/globalisation. For many, globalisation is a continuity of colonialism. It could be seen as another face of colonialism or a complement of colonialism. For Bakre (2004, p.25), the world of 'the developed capitalists' has changed the paradigm from colonialism to globalisation, which is 'essentially another name to describe the current characteristics of postcolonial modern economic imperialism'. Kamla et al. (2006) reported that despite globalisation, colonialism and imperialism have influenced and dominated all aspects of Arab life; yet very few studies in the Arab world consider postcolonial theory. Using postcolonial theory could enable understanding the status quo through a 'retrospective reflection on colonialism' (Said, 1986, p.45). In other words, postcolonial theory is concerned with the extent that 'the past shapes the present' (Adanhounme, 2011, p.92). Kamla (2007) focuses on social accounting and responsibility in Arab countries using a postcolonial lens. The study is one of few studies that considered the colonial period as a reference for analysis of social accounting/responsibility.

In the Western legacy, Libya was promoted or fostered in the postcolonial era and globalisation. In Libya, the evidence indicates that the accounting profession and accounting education had been created during the colonial period, and strengthened during the postcolonial period by the adopting of Western curricula, and sending and training students and staff to universities in the West. Moreover, accounting bodies in Libya adopted international accounting standards rather than developing their own local standards. All these factors and others (see chapter four) contributed to the consolidation of Western values and neglected local considerations. Thus, it could be claimed that accounting and social practice are influenced by Western thought and values established in the postcolonial era. Relatively recently the impact of Western values and globalisation is clear in the Libyan context. The Libyan government started the movement toward privatisation, which affected all sectors, including banks.[25] Most Arab countries including Libya move towards privatisation and the free market, hoping to solve social and economic issues (Kamla et al., 2006). In Libya, the most important manifestation of this trend toward

[25] Several years ago, Libyan companies were mostly owned by the government, the competition factor being absent. Also, there was no stock market in Libya. Thus, profit maximisation may not have been a priority for these companies. Recently, there has been dramatic change in Libya with regard to these aspects.

privatisation is the emergence of a stock market. In the stock market, banks represent 50% of companies listed. These reasons make the need urgent for another study focusing on the banking sector as a discrete case.

From previous studies of social accounting, the problem seems to be in conventional accounting, which is adopted in most business organisations, including banks.[26] In other cases, adopting mainstream Western social accounting that reflects other values seems to be dominant as well. In this thesis, the researcher argues that colonialism and postcolonialism explain to a large extent accounting practice and disclosure. Conventional accounting has substantively been mobilised as a repressive form of accounting to embrace shareholders' interests (Gallhofer & Haslam, 2003). Both conventional accounting and mainstream Western social accounting do not reflect the emancipatory potential of accounting. Another problem for those who practiced some social activities is the absence of a social strategy for social accounting/responsibility in entities (Jamali and Mirshak, 2007; Achua, 2008). Some social activities in business organisations of Arab countries come as initiatives from the administrations, not a part of a social responsibility strategy. This is what Thibos (2009, p.40) argued: 'Middle Eastern managers do not see or seek a connection between their philanthropic activities and their corporate goals or strategy'. Whatever steps and social initiatives towards society, adopting a clear policy and strategy are crucial and necessary for social accounting and responsibility. Here, accounting is conceived of as part of the strategy to change things, as well as being envisioned as a better accounting in a better context (Gallhofer and Haslam, 2003, 2008). We are trying to bring about change, so that accounting/governance better contributes to social well-being. The mobilisation of a variant of accounting information may well be integral to a strategy for

[26] The main concern of accounting is shareholders' needs, while we endeavour to promote accounting to consider all stakeholders' needs. These endeavours may lead to changing the accountants' perspective towards stakeholders.

change (see Gallhofer and Haslam, 2003). From prior literature and theory, adopting a strategy of social accounting on the base of 3BL could help accounting to shift from repressive to emancipatory tendency.

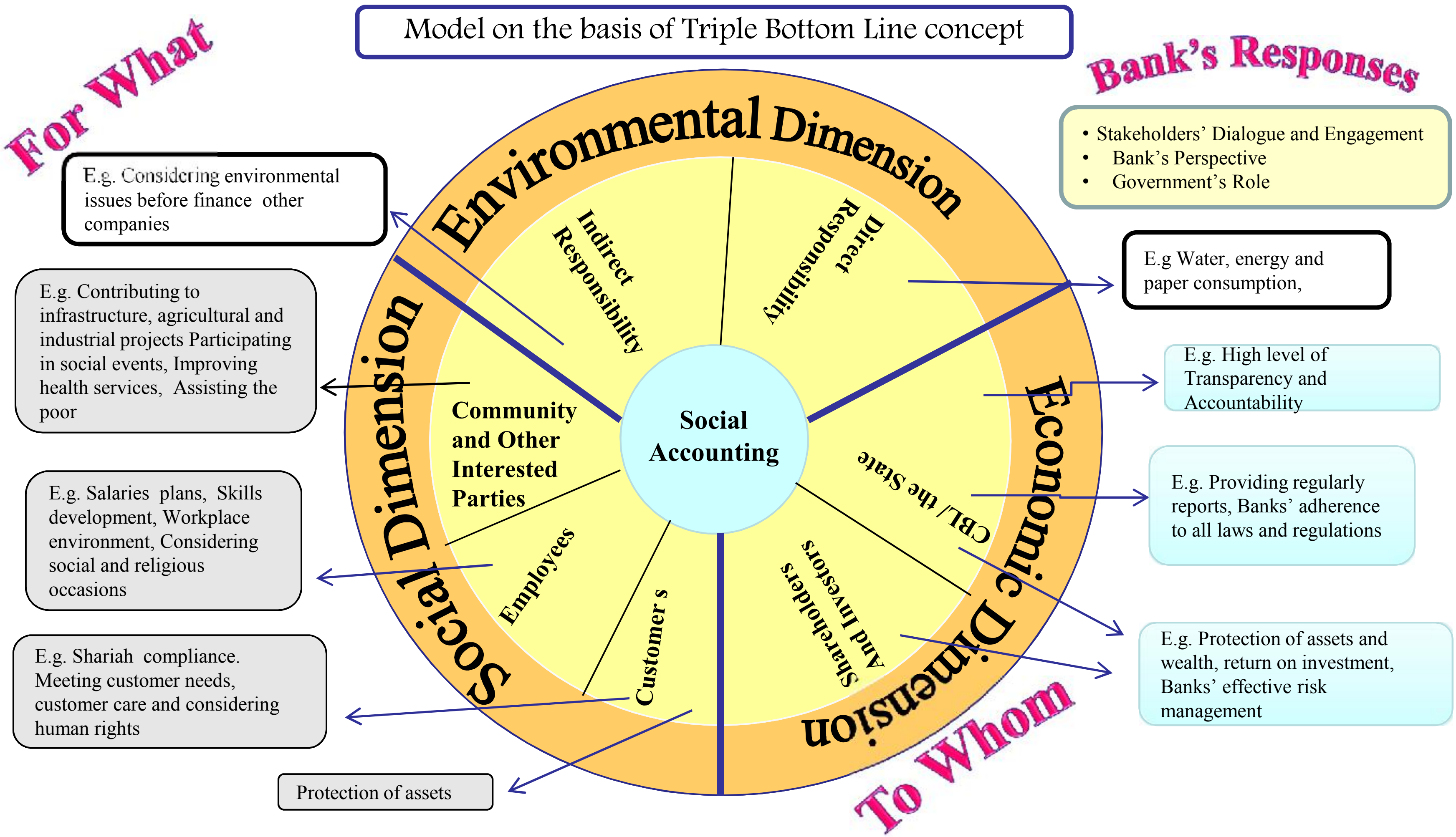
3.4.1 Social Accounting Vision/Model for LCBs

Designing a social accounting system may help to enhance transparency and accountability and make banks' activities visible and public, thus shifting accounting from a repressive to an emancipatory tendency. Such a design must be simple rather than complex, easily applied and readily understood, working to alleviate constraints and exploit benefits. In this section, a social accounting model is suggested to create a better world: in effect it reduces Western dominance of accounting in LCBs (figure 3.5).

In fig. 3.5 the stakeholders are represented by circles indicates (To Whom) which indicates who banks should be responsible to. The model is built on the triple bottom line concept. The 3BL concept refers to the consideration of social, environmental and economic responsibility. For banks, the social dimension is represented by customers, employees and the community.

The environmental dimension could be viewed in terms of direct and indirect responsibility in relation to environmental issues. The third dimension is economic responsibility, which includes responsibility to investors, the State, the CBL and shareholders. Squares outside the circles refer to (For What) what the banks are responsible for. In other words, what are the priority issues of stakeholders that banks have to consider? This depends mainly on the specific context so it should be flexible, because in a different context, there are different requirements and different priority issues. We argue here that considering and meeting these priority issues could contribute to boosting emancipatory potential.

Fig 3.5: Social Accounting Model/Vision



The priority issues can be known by the stakeholders' level of engagement. However, in the real world, banks may not be able to meet all the stakeholders' requirements. It is even the case that some stakeholders' requirements are mutually exclusive. It could be argued that whatever the banks' efforts, without stakeholder engagement the banks' action will reflect only their perspective rather than society or the stakeholders' needs. This does not mean that the banks' perspective is not important. It is very important for the purposes of creating new initiatives. The researchers argue that three elements contribute to shaping banks' responses: dialog and stakeholders' views, the bank's perspective and the State's role in encouraging and engaging banks to be responsible (collective responsibility among entities, the State and society). According to this model, social accounting practice can be described as the banks' responses to social, economic and environmental issues by adopting a clear strategy and policy to all interested parties, as well by as engaging stakeholders and considering (but not necessarily meeting) their priority issues.

As a result of the thesis methodology, the results and gaps in previous studies will be considered as a guide for the empirical investigations of this thesis. Understanding social accounting contextually could contribute to shift accounting disclosure and practice from a more repressive to a more emancipatory tendency. In the next chapter and others, the Libyan context will be considered along with many factors that might impact accounting disclosure and practice, including the Libyan socio-cultural, political and economic context, Libyan laws, regulations and socialist ideology especially that promote social considerations, Libyan history including colonial experience with postcolonial consequences in the accounting profession and accounting education in Libya and the impact of democracy, NGOs and freedoms on social accounting.

Chapter Four: Libyan Context

4.1 Introduction

In the Libyan State, commercial banks play an important role in economic growth and social support. The Libyan government offered a package of laws and regulations that encouraged banks to contribute to economic and social development. The most important question is to what extent these laws and regulations were applied in practice in Libya. This chapter presents a historical view of the social, economic and political context, including giving some emphasis to the educational context, and analysis of the impact of these factors upon social accounting and responsibility in the LCBs context. Based on the assumption that social accounting is a contextual concept/construct, the researcher needs to theorise and contextualise social accounting (Gallhofer and Haslam, 2003; Nielsen and Thomson, 2007). Hence, the Libyan environment must be considered carefully, especially the banking sector. Understanding the particular Libyan context could contribute to the design of an accounting suited to the Libyan environment. This social accounting may be more emancipatory than the traditional accounting described earlier. The chapter will highlight the impact of imperialism on all life experiences of Libya. Consideration is given to the nature of civil society, education, the banking sector and Libyan social laws and ideology.

4.2 Libya: An Introduction to its Context

4.2.1 Geography and Population

Libya is located midway along the north coast of Africa. It is the fourth largest African country; it is one-fifth the size of the USA, and about the size of the UK, Germany and France combined. It is the fifteenth largest country in the world with an area of 1,760,000 square kilometres (OBG, 2008). Libya shares borders with four Arab countries -Tunisia, Algeria, Egypt, Sudan- and two other African countries -Chad and Niger. However, 90% of

Libya is covered by the Sahara desert and semi-desert, 0.2% of the country is covered by forest and 77.9% of the population live in the urban areas (Financial Standards Foundation, 2010). The Mediterranean Sea and the Sahara characterise the Libyan climate as winter is moderately cool and wet, while summer is hot and dry from April through to September (Technology Integration Division, 2009).[27] This helps explain why 90% of Libya's population live on the coast (10% of the country), one that has a length of 1,800 kilometres (Metz, 1987). According to the 2006 census, the Libyan population was 5,298,152: 50.73% male and 49.27% female. 75% of the population were under 35 years old, making for a young population (Libyan State, 2009).

4.2.2 Religion, Socio-Cultural and Language

Islam represents the major religion in the country. 97% of the population adhere to Sunni Islam. The religion also represents a cornerstone of government policy, if there are foreign communities of Christians (OBG, 2008). Libyan people are strongly committed to religious values; one fifth of the Libyan people have memorised the entire Quran (IslamOnline, 2009). Islamic Sharia/law dominates the relationship between members of society. Islam as a religion has considerable influence on the culture of those people that embrace the religion (Haniffa, 2002). These arrangements are reflected in the package of legislations, which comes from the Holy Qur'an and Sunnah, delineating or prescribing how to organise social life and responsibility among individuals, groups and institutions. The case is no different in Libya than in other Islamic countries, where the Islamic religion has played a significant role in shaping the culture, whether it deals with people or the nature of life.

[27] The highest temperature ever recorded was in the town of Al Aziziyah, near Tripoli, as high as 58°C - 136°F (Metz, 1987; Technology Integration Division, 2009).

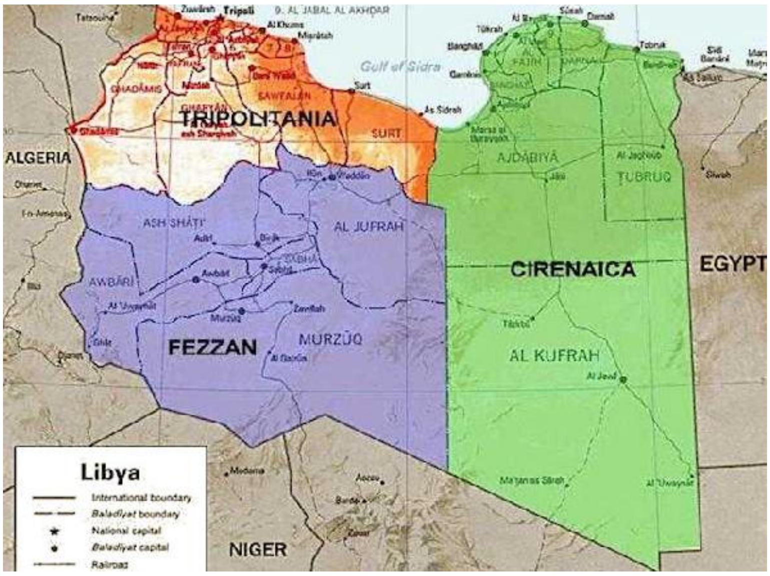
Libyan society has a conservative nature. Considering the community is a holy duty for every Muslim. For most Muslims, Islam is not just about the rituals of worship and prayer. It requires being good when dealing with others. The roots of social responsibility exist in Libyan culture and Islamic religion, which has an impact on people's lives, so Islam presents guidelines for life and promotes social practices. Islamic religious principles, such as faith (aqidah), worship (ibadah) and morality (akhlaq), are stable and do not change with time, because its principles are derived from the Qur'an and Sunnah, which is not subject to change (Siwar and Hossain, 2009). As the Islamic religion shapes Libyan society and its behaviour, it also shapes and guides the behaviour of corporations and banks. Islam has kept its obligation to social responsibility alive for centuries, in order to create just and fair societies. The principles and objectives of Islam can only be interpreted in the service of social justice, thus accounting from an Islamic perspective could be seen as enabling for radical betterment. Therefore, it could be claimed that Islamic teachings and values have an emancipatory potential, as they promote moving society on towards better lives.

There is a strong relationship between language and religion in Libya, as is the case in other Arab countries, as the Arabic Language is the language of the Quran (Magnarella, 1999). The Arabic language is the official language in the country, although, there are some people who speak English and Italian - these languages along with Arabic being 'widely understood in the major cities' (Clark, 2004, p.1). Those who speak Italian are typically from the older generation, those who lived through the period of Italian colonialism. In the Italian colonial period, Italian language was imposed in schools, but there were not many Libyan children attending these schools during the Italian occupation, so the impact of Italian language 'did not take root in Libya to the extent that French did elsewhere in North Africa' (Metz, 1987, p.4).

Both Islam and Arab nationalism have had a great role in shaping culture in Libya and other Arabic countries: ‘This leads many authors to generalise their cultural studies on all of the Arab countries’ (Abubaker, 2007, p.6-7). Influenced by Islam, Libyan culture depends on strong social ties as a result of the fact that the Libyan community consists of different tribes and families (Twati, 2006). Therefore, family, clan and tribe regulate the relations between members of Libyan society and are widely respected; they also have considerable influence in Libyan public life and have tended to override other obligations (Metz, 1987). Moreover, as the friendship and the social and familial relations characterise the pattern of life in Libya they also influence ‘fulfilling tasks in Libyan organisations’ (Abubaker, 2007, p.14).

4.2.3 Libyan Political History

Until Libya gained independence in December 1951, the Libyan nation had long suffered a history of physical occupation and administration - for around 3000 years, including occupation by the Greeks, Romans, Phoenicians, Ottomans and Italians (Wright, 1982). In the modern history of Libya, the year 1911 represented the beginning of the period of Italian colonisation. It represented also the end of the existence of Ottoman rule, which spanned the period 1551-1911. Italian occupation in Libya was among the most deadly colonisations in modern Libyan history, as the Italians had used armed force to occupy Libya and make her part of Italy - the fourth Shore (Wright, 1982). Italy’s defeat in World War II marked the end of its colonisation of Libya. After the 2nd World War, there was British and French administration of the country (1943-51). In 1951, Libya gained independence and became a capitalist monarchy (Kezeiri and Lawless, 1987), being governed by King Idris AI-Sanussi (Library of Congress, 2005; Mireles et al., 2010). That era lasted until September 1969 when military officers seized authority and declared a revolution, overthrew the monarchy and created a republican regime in Libya.[28]



Libyan map (4.1).Ancient Administrative Division of Libya Published in Globalsecurity.org

Historically, Libya consists of three major regions: Cirenaica in the east, Fezzan in the south and Tripolitania in the west, as the map (4.1) shows. Cirenaica and Tripolitania were administered by the British Military, while Fezzan and a part of central Libya—part of Tripolitania, were administered by the French Military (Wright, 1982; Globalsecurity, 2010). However, this Administrative Division no longer exists since the constitutional amendment that happened in1963, which transferred the Libyan State from the United Libyan Kingdom to the Kingdom of Libya.

4.3 Libyan Political Regime

Until September 2011, Qadafi was the longest serving non-hereditary ruler in the world; he became the Libyan leader 42 years ago (The Economist Newspaper, 2011). On 02/03/1977, the ideology of the State changed in a revolutionary way, and Qadafi issued a theory named

[28] It should be mentioned that the first Republic in the Arab world was declared in Misrata city, namely the Republic of Tripoli in 1918 by Ramadan Sowaihili, one of the leaders of Jihad against the Italians.

‘The Green book’: by that theory any type of presidential or parliamentary elections were prohibited. Also on that date the official name of Libya became the Socialist People’s Libyan Arab Jamahiriya. It should be mentioned that Qadafi’s military coup in 1969 abolished the existing constitution, which was during the Kingdom reign. In 1970, Qadafi promised to draft another constitution for a republican regime (Financial Standards Foundation, 2010). However, the promise to establish a new constitution went unfulfilled. In that period the so-called Third World theory appeared—the Green Book—that reflected his intellectual and ideological beliefs. Qadafi ostensibly made that theory the cornerstone of the political, economic and social issues in Libya. The ideology considered that parties, plebiscites, constitution and establishing parliaments were fraudulent and unnecessary. In that period, the new ideology was imposed by Qadafi declaring:

> “Conducting plebiscites on constitutions is often insufficient. Plebiscites are essentially a counterfeit of democracy since a yes or no is the only option.... Conducting a plebiscite on a constitution does not necessarily make the constitution the law of society”. “This is the traditional democracy prevalent in the whole world, whether it is represented by a one-party, two-party, multiparty or non-party system. Thus it is clear that representation is a fraud” (Qadafi, 1977, p. 11-29)

Moreover, according to the ideology, the private sector was prevented from owning any public media on the pretext that:

> “Democratically, private individuals should not be permitted to own any public means of publication or information” (Qadafi, 1977, p.35).

For more than three decades, the Libyan regime under Qadafi’s leadership insisted on this. They claimed they had a direct democracy, and that the “the Libyan Arab Popular and Socialist Jamahiriya is the vanguard of world democracy” (Barger, 1999, p.65). That unique democratic system—as seen by Qadafi, was supposed to divide people into groups, so that the people exercise direct authority. As mentioned, according to Qadafi’s ideology, democracy does not include formation of independent parties, or any other groups under any name except those authorised by the government. This also prevents any independent media. There were no political activities except those authorised and strictly monitored by the regime (Otman and Karlberg, 2007; Financial Standards Foundation, 2010).

4.4 Libyan Civil Society

Barger (1999, p.64) considered civil society as follows:

> "the amalgam of different kinds of institutions such as political parties, professional associations, trade unions, voluntary organisations, human rights groups, religious groups and others which exist independently of the State and which lobby governments in their own interests, rather than those of the State".

Among the goals of civil society is to ensure democracy and freedoms in a country (Barger, 1999). There was no traditional democracy in Libya, as is known in Western societies. Therefore, there was no space for the notion of a civil society. The regime's ideology did not make room to create groups for free opinion or expression in Libya. Law No 19/1992 restricts the formation of civil society, and gives the government the right to suspend organisations without cause (U.S. Department of State, 2010). This law prevents organisations from playing their role in society by imposing the government's strict control. Thus, no groups could be established and operated without government control. Despite this, there were some authorised associations working in Libya, but for the benefit of the regime, and part of it. This was a kind of propaganda to claim the existence of civil society institutions. Thus, workers were not allowed to organise independent trade unions, but could join the government-organised 'General Trade Union Federation of Workers'; they also had no right to strike or protest. ITU (2010, p.1) reported that the country:

> "…does not recognise trade union rights, which are regulated by the 1970 Labour Code. However, there is no real freedom of association, as workers are automatically members of the government-linked General Trade Union Federation of Workers (GTUFW), although they can opt out. Independent trade unions are banned, and union membership is limited to workers of Libyan nationality. Furthermore, Directorate General of Labour or an official from the Directorate can be present at every trade union general meeting".

In 2007, Muammer Al-Qadafi's son started efforts to activate civil society organisations, which included creating an independent media and releasing some prisoners.[29] However, in 2009, even these limited reforms suffered a setback, when the regime nationalised the only quasi-independent media group in Libya that was created in 2007 (Freedom House, 2010).

4.5 Libyan Economic System

In the period after World War II, and with the beginning of Libyan independence in 1951, the Libyan economy relied mainly on agriculture, pastoralism and trade (ECT, 2010). Libya was among the world's poorest countries with per capita annual income not exceeding $40 per person (Harris, 1987; Vandewalle, 1998). Libya was dependent on foreign aid until the great fundamental and radical change occurred after oil exploration in the early sixties. That significant change was in the structure of the national economy for the benefit of the oil industry and service sectors (ECT, 2010). Since then the Libyan economy has depended mainly on revenue from oil exports as a major source of income, and almost the only source to obtain foreign currency (ECT, 2010).[30]

Oil continued to play an important role in the national economy during the royal era. Also during the royal era, the State adopted the capitalist system. This capitalism continued until a significant change in September 1969. In that month, a military coup overthrew the monarchy and created the republican system in Libya. The republican regime lasted until 1977. Then, the system's ideology changed, leading to economic, social and political changes. In 1977, the State nationalised commercial activities, and created many State-

[29] It should be noted that he had been educated in Europe, as he holds a Masters from Austria and a Doctorate from London. Therefore, he was seen as a Western minded person, looking for openness to the West.

[30] E.g., in 2008, oil dominated 88.6% of government revenue and 97.7% of exports (Financial Standards Foundation, 2010).

owned companies for the import and distribution of goods. Thus, the State was turned into a socialist macro-economic system (Bskeri, 2006; ECT, 2010).

Recently, the Libyan economy has been described as follows:

> "Libya's vast oil and natural gas reserves and its large Sovereign Wealth Fund mask a dysfunctional economy that is mired in red-tape and opaque regulatory procedures. The economy is dominated by the State which controls 80% of economic activity…There is an urgent need to diversify the economy, spur the private sector to reduce unemployment, slim down a bloated State sector, deregulate the economy, and encourage foreign investment outside of the energy and infrastructure sectors" (Financial Standards Foundation, 2010 p.1).

Libya has the highest real GDP per capita on the African continent. Also, the oil sector contributes 95% to export earnings, 25% to GDP and 60% to public sector wages (Colijn, 2010). Libya, as one of the OPEC countries producing oil, is also a large market for investment in energy, as it has a reserve estimated at 44 billion barrels of crude oil and 53 trillion cubic ft. of gas. Moreover, only 25% of the country is covered by exploration agreements (OBG, 2008). Therefore, investment in the Libyan environment seems attractive, especially after three decades of isolation: in 2003, after Libya returned to the fold of nations, many countries came, aspiring to grab a piece of the Libyan pie. Western countries were especially interested, given that Libya has the largest proven oil reserves in Africa, with good quality and low sulphur content, and relatively low costs in terms of refining and transport to Europe (Boucek, 2004).

The Libyan economy in the last decade has been opening up towards the Western world, due to its need to diversify its oil products to compete with international companies—given the Libyan target to reach 3 million barrels a day from 1.8 million barrels (NOC, 2009). Often, the Libyan balance of trade was in surplus annually. E.g., in 2008, exports and re-exports were 40,972 million $, while imports were 7,935 million $, so the surplus of trade balance reached 32,470.6 million $ (Libyan State, 2009).[31] This makes the foreign currency deposits and bonds held by Libyan central banks (Forex reserves) about 175000 million US dollars ($) (CBL, 2009).

Despite the immense wealth owned by the Libyan State, the past years show that the regime's economic policies were not feasible. These economic policies had caused a number of problems in the past, such as low production efficiency, and lack of attention to quality, development and cost reduction (ECT, 2010). Qadafi (2010) deemed part of the Libyan economic problem rested in the domination and management of the State of the economic activities and resources of society through the public sector. However, according to Qadafi's son:

> "The public sector would be acceptable when it comes to running a vital un-renewable resource like (oil) or managing a vital high-cost utility like electricity or administering a service that is meant to reach all the population in pursuance of social equality" Qadafi (2010, p.1).

Qadafi also thought that central management and centralised planning in Libya led to wasting a significant portion of Libyan resources. For example, 60% of agricultural projects were halted, and 70% of the productive capacity of the majority of industrial projects was not used (Qadafi, 2010, p.1). Qadafi's son thought that as a result of the State monopoly of all aspects of the economic activities, the State faced many problems including: bureaucracy, bribery, favouritism and administrative corruption, decline of productivity, high cost of production, emergence of inflation and soaring prices, shortage and absence of commodities, weakness of public sector control, decline of output revenues, dwindled liquidity and emergence of a commodities monopoly (Qadafi, 2010).

[31] Exports were a source of foreign currency, imports consumed this currency.

The impact of globalisation and the West made socialism and social justice mere slogans. This was recognised by the regime itself, which started to think of the need to reconsider that the economic system might be replaced through an economic reform programme. Such reforms reflected the conviction of the political leadership and government of the need to change the economic system from the State-directed socialist one to one involving the private sector, and giving it the necessary confidence to return and play the main role in the national economy (Colijn, 2010; ECT, 2010).[32]

4.5.1 Corruption in the State Institutions

The impact of Western style liberalism on the Libyan socio-political and economic context, and the low level of transparency, coupled with the high level of corruption rendered the regime's socialist ideology, most of the time, a set of mere slogans. Even though there were laws against corruption, they were not 'effectively enforced' (Financial Standards Foundation, 2010, p.2). In 2009, the country was ranked 130th among 180 in Transparency International's corruption perception indicator (Financial Standards Foundation, 2010). Non-application of the socialist slogans, and the absence of democracy and the rule of law, are not merely a result of globalisation and international organisations' imperialism. It should also be noted, as Qadafi's son recognized, that "in all frankness and transparency, there is no freedom of the press in Libya; actually there is no press, even, and there is no real 'direct people's democracy' on the ground" (Committee to Protect Journalists, 2007).[33]

The confessions of corruption and failure from inside and outside the regime reflect the large gap between theory and practice in the political and economic system. The gap created layers and elite in Libyan society. It was also the reason for the spread of

[32] E.g., to attract investments, the state slashed corporate tax in half, to 20%, and reduced income tax to 10%.

[33] Prior to 17 February 2011, no one in Libya before or after Qadafi's son could raise these issues with such daring. Raising such issues would have serious consequences, since the space of freedom and expression in Libya was narrow.

corruption in different State institutions (Financial Standards Foundation, 2010). The first layer (elite) that emerged has adopted the State thought, and benefited in terms of enrichment and accumulation of wealth, as well as enjoying higher living standards. Such an elite aims to protect their own economic interest, thus the 'colonial powers and foreign global capitalist used them as imperial agents to consolidate the imperial economic interest locally' (Bakre, 2004, p.22). The elite benefits from the spread of corruption, and includes 'top civil servants, military officers, and politicians' (Encyclopedia of the Nations, 2010). The elite have linked their fates and interests to Western culture. The elite represent the internal tool of Western imperialism in implementing its agenda of managing the economic and political affairs of the State to serve Western imperialist goals. On the other hand, a layer of poor people emerged in the society and increased from year to year. In 2007, the regime adopted an anti-corruption speech, and described the corrupt as 'fat cats'. But these confessions did not lead to a practical and effective programme to combat corruption in all its forms (Libyan Transparency Group, 2010, p.16).

4.6 Libyan Commercial Banks (LCBs)

4.6.1 History of Libyan Banks

The history of the Libyan banks is associated to a large extent with Libyan political history and the change in governance systems and political orientations. The beginning of establishing banks in Libya belongs to the Ottoman Empire, where in 1868 the first bank that opened was the Agricultural Bank (CBL, 2006). Later, during the Italian occupation (beginning in 1911), the Italian government—to expand their political and economic influence in Libya, and facilitate the credit process for Italian settlers—established some Italian banks in Libya, including Banco De Romea, Banco De Napoli, Banco De Sicilia and the Bank of Italy. It should be noted that the Italian lira was often traded during the period of Italian colonialism and the spread of Italian banks (CBL, 2006).

Libyan banks were replaced and changed with colonial change on the ground. This is what happened when the Italian occupation was defeated, and replaced by the French and the British administrations. Accordingly, during the period of the military administration of the British and French 1943-1951, Barclays Bank was established (CBL, 2006). Later, in 1951, Libya gained independence, so from the period 1952-1963 many other foreign banks were established, such as the Arab Bank and the British Bank for the Middle East. Moreover, 1955 witnessed the establishment of the first Libyan Bank that had authorisation to issue banknotes and coins. In 1963, the Libyan government issued law N.4/1963 requiring banks (based in Libya) to be owned by Libyans investors, by at least 51% (see CBL, 2006). After Qadafi rose to power in a military coup in 1969, the foreign shares in commercial banks were then taken over by the Libyan State, i.e. banks were nationalised. These banks included the five major banks, National Commercial Bank, Umma Bank, Gumhouria Bank, Sahara Bank and Wahda Bank.[34] Later, in 1977, after the State adopted the socialist system, all banks became completely State-owned as the government nationalised the private shares in commercial banks as well (Abdussalam, 1985).

4.6.2 Banking Laws and Regulations in Libya

Law No.1 in 1993 represented, when introduced, a quantum leap in the history of the Libyan banks, as the law allowed the establishment of private commercial banks under strict restrictions (CBL, 2006). That law was part of a package of economic reforms adopted after decades of the government's hegemony over economic activity. As a result of this law, a group of private commercial banks were established, including the Development and Commerce Bank in 1996, the Mediterranean Bank, the Alsaraya Bank in 1997, the Alejma Alarabi Bank in 2003 and the Wafa Bank in 2004 (CBL, 2006). Moreover, in 1996,

[34] All these banks still exist, with the exception of Umma Bank, which merged with Gumhouria Bank in 2008.

the CBL established a group of national banks in each Libyan city. The activities of those national banks were restricted to the geographical area in which each bank operated. However, as a result of problems that had faced those national banks, the CBL decided in 2006 to merge them as the National Banking Corporation (CBL, 2006). Law No. 1 of 1993 was repealed by Law No. 1 of 2005. That law granted unprecedented broad powers to the Central Bank in the development, management and implementation of monetary policies independently and without government interference. This was in addition to powers to oversee the implementation of monetary policy and banking activity and follow up the role of banks in economic activity (Libyan State, 2005).

Besides banking Laws, the CBL issued many regulations that have a fundamental impact on commercial bank activities. E.g., the Central Bank of Libya recently announced:

> 'An important part of Libya's financial sector reform strategy is to allow foreign banks to operate in the country. In this context, the Central Bank of Libya (the "Central Bank") will issue two licenses to foreign banks who would have an ownership of up to 49% in the new banks with full management control. The remaining 51% will be owned by domestic investors. The Central Bank will be handling all issues related to the issuance of the two licenses and will mobilise domestic investors' (CBL, 2010).

The CBL took rapid steps to turn the public commercial banks into incorporated companies offering their capital to the public, and offering the shares of the CBL in these banks to local and international clients. In 2010, the Libyan Central Bank issued 15% of the shares of the Libyan Central Bank in the National Commercial Bank for sale on the Libyan stock exchange (CBL, 2010). Further, the government regulated banks to follow specific lending policies. Bengdara (2007) held that the Central Bank policy of directed lending contributed to solving housing problems and unemployment.

Moreover, in 2007, CBL published corporate governance handbook guidance for boards of commercial banks. The handbook recommended that the bank board take the responsibility to provide relevant parties with accurate and timely information enabling them to control the board and executive management, and ensure proper accountability. Also, the guidance asks for the provision of information regarding the system of incentives in the bank, such as remuneration policy for employees, and the rewards of executives and board members. Furthermore, the guidance emphasized the importance of employee engagement. It confirmed the need to inform employees on policies and regulations established in the bank. Moreover, both customers and employees should be engaged by the conducting of a survey of their views (CBL, 2007a). Among the CBL's regulations that have a social nature is the regulation that allows all commercial banks to allocate up to 30% of their credit as social loans and the same percentage as housing loans. At the same time, the credit portfolio must not exceed 70% of the total deposit liabilities (CBL, 2007c).

4.6.3 Libyan Laws Affecting the Social Performance of Business Organisations, Including Banks

The Libyan State has issued a package of laws and regulations that impose ethical codes on the activities of businesses including banks. The State has obliged banks to embrace socially motivated practices and not just for profit purposes. These laws and regulations include the Law No. 37/1973 related to Manpower Development and Training. That law instructed institutions to prepare training programmes to develop and increase the efficiency of their staff. The law deemed as a national duty the development of the workforce in relation to the quality and quantity of the workforce in relation to the creation of individual skills (Libyan State, 1973). Another law with a social face is Law N°. 3 of 1981 related to disabled persons, which stipulates the right to work for the disabled on completing training, and qualifying. Thus, the administrative units, companies and public facilities have to commit to allocating a proportion of their employment cadre to disabled persons (Libyan State, 1981). Law No (15) of 2003 indicated explicitly the need for institutions to give environmental issues the necessary attention. The law urged that entities should seek to protect the environment, and should not cause harm to it (Libyan State, 2003). Moreover, the Green Book that reflected the political and economic ideology of the State contained principles identifying social, economic and political relations between employer and employees, economic units and the community, and the State and all these parties. In Libya, women have, theoretically, been considered in Libyan laws and regulations. The Charter on the Rights and Duties of Women issued in 1997 by the Libyan General People's Congress stipulates: "work is an honour and duty of every citizen, so men and women have the same opportunity and right to leadership positions, according to their abilities, experience and efficiencies" (GPCJ, 1997). Moreover, according to the Green Book, workers/employees, both men and women should participate in corporate management.

4.6.3.1 Annual Reports in Libyan Banks (Form, Content and Users)

In LCBs' annual reports, reports usually consist of several pages, in most cases, not exceeding 55 pages (Wahda Bank, 2007), or 15 pages (Gumhouria Bank, 2006) (see chapter five and). Also, most of the annual reports were published in the Arabic language only (e.g. Mediterranean Bank, 2007; Wahda Bank, 2005: 2008; Gumhouria Bank, 2005: 2008; National Commercial Bank, 2005:2008; Alejmaa Alarabi Bank, 2006). While, some of them were available in both Arabic and English (as they often addressed reports to non-local customers, while some banks have a partnership with foreign banks) (Commerce & Development Bank, 2005: 2008; Sahara Bank 2007, 2008; United Banking, 2008). For access to the banks' annual reports, some banks make them available to the public on their website list them, other banks do not have websites list them, but usually do not mind providing a hard copy of their annual reports (if published).

According to the Libyan Commercial Code 2010, Article 226, the board of directors has to prepare financial statements accompanied by explanations to interpret the profits and losses achieved. In this context Libyan Commercial Law (1970 and 2010) obliges companies to provide an account, which includes preparing balance sheets and profit and loss calculations, and other related details, such as estimating the assets, distributing profit to shareholders, decreasing the invested capital and establishing the legal reserve. Also, in that law, Article 572 mentioned that companies have to attach a report explaining how the company manages its business on their balance sheets. It is thus argued that the Libyan regulations and laws imposed by the Libyan government, legislators or CBL have no direct implication on social accounting disclosure-none of them ask for, or impose a requirement for social disclosure (Libyan State, 1970; 2010). This means that in LCBs' annual reports, most of the information was in the form of quantitative financial disclosure, and narrative disclosure tended to be confined to the early pages of annual reports, such as the chairman's report or statement (addressed by the Chairman of the Board of Directors). The statements were mostly directed to the shareholders' annual assembly (according to Libyan Commercial Code, the annual reports should be provided and discussed at an annual general meeting) (Libyan State, 1970). The most interesting thing is that the Libyan commercial code does not oblige or require entities to provide their information to the public. The commercial law did not provide guidance in terms of the accounting standards that should be adopted. However, in Article 82 of LCBs' law (2005), there is a statement that obliges auditors or accountants to prepare a report on the bank's financial statement of compliance according to domestic and international standards (Libyan State, 2005). Within some annual reports, there was also a narrative report presented by the Board of Directors, again located towards the beginning of the report. Most of the reports contain names of Directors, the Board of Directors' Report, the key financial statements and the external auditor's report. In some annual reports, if the financial statements and the chairman’s statement (which is often less than three pages) are excluded, the report will be emptied of its narrative contents. Some annual reports disclose information about ownership structure (see chapter five). In Libya, banks' annual reports do not pay attention to issues such as cash-flow statements, participation of shareholders on the board and management, bonus policies to board members and directors. In general, there is great similarity between the annual reports of several different banks in terms of headings and content (see chapter five).

Users of annual reports may contribute to shaping annual reports content in Libya and the banking sector partially. Kripat (2009) confirmed that preparers of annual reports in the Libyan context mainly considered the board of directors and management as the most important users of annual reports. Also, the board of directors and management were the most influential in the choice of accounting disclosure practices.

All entities in Libya are required to prepare an annual report. However, it is restricted to quantitative and monetary disclosure (Buzied, 1998; Saleh, 2001). Saleh (2001) argued that entities are not required to provide narrative information in their annual reports; also, as a result of the ownership structure of entities in Libya, the government is the ultimate user of the published information, and so entities assume that the government knows the entity’s mission, so there is no need for more narrative information. Thus, it can be understood that in the Libyan context the main users of annual reports are the administration, the general assembly and the central authorities. This is to some extent understandable in the Libyan context as a result of many reasons, including the nature of the socialist system that gives government and managers more power than others, the absence of NGOs and freedoms, and the period of reform and transition of the Libyan economy. This increases the possible role for social accounting, and underlines the need to replace conventional accounting, which focuses on 1BL (financial issue) with social accounting that considers 3BL (social, environmental and financial), thus expanding the target and content of the annual report could expand the range of users of annual reports.

4.6.4 Key Commercial Banks of Libya

Law No. 1 of 2005 determines terms of reference of commercial banks. According to Article 65 from Law No. 1 of 2005, commercial banks are: ‘Any company that ordinarily accepts deposits in current demand accounts or time deposits, grants loans and credit facilities, and engages in other such banking activities’ (Libyan State, 2005, p.23).[35] Nowadays in Libya there are fifteen commercial banks. Among these banks, four banks (Gumhouria Bank, Sahara Bank, Wahda Bank and National Commercial Bank) were established more than thirty years ago, and represent more than 90% of LCBs, in terms of assets, income and deposits. Also among private banks, the Commerce & Development Bank represents the first private bank established in 1997. These together dominate the commercial banking sector as table 4.1 shows.

4.6.4.1 Gumhouria Bank

The bank was established on the 13th of November 1970. It was a State-owned bank and is the largest bank in Libya, in terms of assets, revenues and deposits, as well as the number of branches and agencies in Libya, which reach up to 150 (see table 4.1).[36]

---

[35] In accord with the law, the specialised bank has as its main purpose funding of, and granting of credit for, specific activities. It does not accept demand deposits and is not considered a commercial bank (Libyan State, 2005).

[36] By the end of 2009, CBL started the flotation of 15% of Gumhouria Bank on the local stock market; also the government encouraged the commercial banks to seek strategic partnerships with foreign banks.

Table 4.1 Key Commercial Banks in Libya.[38]

N	P T	Bank	Income			Assets			Deposits			Branches & Agencies		
			Million D.L	%	%	Million D.L	%		Million D.L	%	%	N	%	%
1	State Banks	Gumhouria Bank	323.4	31%	92%	22482.5	38.6%	93%	18860.3	39.2%	94.5%	**150**	**33.44%**	**80%**
2		National Commercial Bank	171.1	16.6%		10276.9	17.6%		8088.0	16.8%		**51**	**11.33%**	
3	State and Private Banks[37]	Sahara Bank	218	21.2%		11254.1	19.3%		9853.1	20.5%		**48**	**11.67%**	
4		Wahda Bank	187.4	18.2%		8004.3	13.7%		6828.5	14.2%		**74**	**16.5%**	
5	**Private Banks**	Commerce & Development Bank	51.1	5%		2137.4	3.8%		1833.7	3.8%		**30**	**6.7%**	
Share of these banks of the Libyan banking market					**92%**			**93%**			**94.5%**			**80%**

[37] Both banks are owned by the State and private sector, but the State still holds the majority of the shares.

[38] The information is derived from data published by the Central Bank of Libya (2009) and is on the website of LCBs.

4.6.4.2 Commerce & Development Bank

The bank is a private bank. Unlike many other banks, this bank was established by the private sector without any government support. BCD is the largest private bank in terms of assets, revenues and deposits, as well as the number of branches and agencies, which are 30. The bank opened officially for business on 09/06/1996.

4.6.4.3 Wahda Bank

WB is a mixed ownership bank with government ownership predominating. It represents the second largest mixed-ownership bank in terms of assets, revenues and deposits. It, however, represents the first in that category in terms of both branches and agencies, which are 74. This bank was established when in 1970 the government issued law 153/1970 decreeing the merging together of five Banks into one, called Wahda Bank. These five banks were the African Arab Bank company, the Bank of North Africa, Al-Kafela bank, Al-Nahda bank and the commercial bank (Wahda Bank, 2010).

4.6.4.4 Sahara Bank

The bank is a mixed ownership bank. It was created in 1964, and in 2007, became the first financial institution in Libya to enter into a strategic partnership with a foreign bank. So, the important development for Sahara Bank was the entry of BNP Paribas Group as a foreign bank and strategic partner.

4.6.4.5 National Commercial Bank

The bank was established under the provisions of Law No. 153 of 1970. It was State owned bank. The National Commercial Bank, known as the Gumhouria Bank until recently, remained 100% owned by CBL. In 10-01-2010, CBL issue of the 15% share of the Libyan Central Bank in the National Commercial Bank for sale in the Libyan stock exchange.

4.7 Justification for Focus on LCBs and Importance of the Banking Sector in the Libyan Context and Beyond:

The lack of social accounting studies in the Libyan context and developing countries, especially banks, are a key justification behind the research. Also, the importance of the banking sector in Libya or more generally could be seen as justification for the choice of banks. Indeed, the efficient running of the banking system could contribute to promoting social and economic development in the country (Galbis, 1977). Such efficient running in my view cannot be achieved by merely focusing on financial considerations, but by considering social, environmental and financial issues together. Also, the soundness of the banking system could contribute to social and economic development. Unlike other sectors, banks have their specificities, as they must follow intricate regulations, and also meet their particular stakeholders' expectations. Thus, "banks cannot do whatever they might want to do" (Lundgren and Catasu, 2000, p.188). The banking sector is generally understood to have a vital role in economic development; for instance, by supporting other business organisations and people in advancing loans (Elkington, 2004; Moyo and Rohan, 2006). Thus, banks appear among the most influential sectors in society. Banks may not create new wealth, but they have a significant role in distributing wealth through a policy of borrowing and lending to people and financing other sectors. For instance, the agricultural and industrial sectors need funds to operate, so banks could be seen as a heart in the economic structure through pumping cash into various sectors of the State. Also operations monitoring banks are different than other sectors. Levine (2004, p.3) sees banks as 'more opaque than nonfinancial firms'; for example, they 'readily hide problems by extending loans to clients that cannot service previous debt obligations'. The banking sector is heavily regulated, and governments impose strict control, regulations and supervision over banks to protect the funds of depositors. Opaqueness could be the reason behind the global financial crisis, which contributed to questioning banks' social role (Argandona, 2009). The global financial crisis contributed to questioning the social role of banks, and the role of social accounting as an emancipatory tool in challenging narrow financial goals of conventional accounting was also discussed. Theoretically, the reasons behind the global financial crisis are too much dominance of the repressive tendency. Such crises would have been averted, if we had a different economic system that considers the whole of society.

In the Libyan context, some studies were conducted on social disclosure in other sectors. Ahmad and Mousa (2010), Ahmed and Gao (2005), and Ahmed (2004) investigated environmental disclosure in industrial companies. Mashat et al. (2005), and Pratten and Mashat (2009) explored social and environmental disclosure in different sectors (see chapter three). This study is particularly timely, where the banking sector is undergoing reform and passing through a transition period. Unlike in other countries, in Libya financial dealings, between people and for shopping, are done using cash only. For example, in Britain and other Western countries, one can get loans and cash from the post office or other available institutions. One can also obtain cash from cash machines deployed in the streets. Moreover, people do not need to hold cash to do shopping in commercial centres and most shops. In contrast, in Libya, financial services are accessed exclusively through banks. Thus, this makes banks more important for people as well. In Libya, the banking sector witnessed significant growth as indicated by most financial indicators (CBL, 2009). In 2008, the banking sector represented 50% of the total companies listed on the Libyan Stock Market. Furthermore, the banking sector is among the sectors most affected or influenced by Western hegemony, as most major LCBs were founded during the Western colonial period, or in the capitalist period immediately after independence (CBL, 2006). Moreover, LCBs rely on training programmes, technology and accounting systems reflecting the colonial and postcolonial legacy (Al-Shukri, 2007).

Banks have properties that differ from other sectors. In Libyan banks, customers' deposits represent nearly twelve times the total of shareholders' equity. Hence, unlike other sectors, in the banking sector, customers/depositors represent the main source of banks' assets. Through the end of the first quarter of 2010, the total shareholders' equity of LCBs increased to 3,989,500,000.000 D.L against 47,006,700,000.000 of customers' deposits. Therefore, the shareholders' equity represents around 7% of the total assets of LCBs (CBL, 2010).

Considering the importance of the banking sector in the Libyan context and beyond, this study focuses on the Libyan commercial banking sector, in terms of actual and potential accounting/social accounting. In this respect, the flow of correct and timely information produced by the accounting system is a critical part of the success of any enterprise, including banks. Limiting the information to the financial, without the social, orientates the activity of banks to serve only the financial purposes of banks, and reflecting the conventional accounting inherited from the colonial regimes or re-enforced under postcolonialism. On the contrary, the availability of social information is a very important matter in order to engage banks with considering the needs and wants of society. This is why social accounting may be seen as an important tool to supersede conventional accounting (while still having regard for the financial), promoting well-being, social development and growth.

4.8 Education in Libya

4.8.1 General Education System

In the post-independence period, Libya depended on agriculture, trade and foreign aid, and the country was among the poorest countries in the world (Mongabay, 2010). This situation was reflected in the non-proliferation of literacy in Libya, as 'the official census figures of 1954 showed 81.1 per cent of the Libyan population was illiterate' (Otman and Karlberg, 2007, p.97). The picture changed completely over the past decades. The discovery of oil has transformed the country into a rich country. According to United Nations (UNDP, 2009), Libya was 55th out of 182 countries, and the report classified the country as a 'country of high-level human development'. This assessment is in accordance with a number of indicators such as: rates of human life, literacy, school enrolment, per capita income relative to gross national domestic product (UNDP, 2009). Moreover, the World Bank reported that "Libya has achieved universal enrolment in primary education and, the 14 percent illiteracy rate is below the regional average of 34 percent" (World Bank, 2006, p.7). Also, Rhema and Miliszewska (2010) indicated that within the Arab world, Libya has the highest literacy rate.

In general, school education is mandatory in Libya until the end of secondary school, which includes six years primary school and three years secondary school. Education is free in all stages, including higher education (World Bank, 2006). In 2008, the number of students in primary and secondary schools was about 1,240,000 students, while students in the Libyan universities were more than 300,000 students. This indicates that a quarter of Libya's population was either in school or university. In addition, there are 214,000 students who studied in the domestic education system—Holy Quran centres (Libyan State, 2009)[39]. Legally, elementary education is free and compulsory in Libya for Libyan people, while university study, including postgraduate study, is free and optional.

Education has witnessed an expansion in its objectives by sending students to study abroad for the different stages, including for doctoral and masters studies. Clark (2004) reported that in 1978 more than 3,000 Libyan students went to the US for study. Later, things changed as the Libyan regime's behaviour was considered supportive of terrorism and

---

[39] Quran centres: centres for the purpose of learning and memorising the Holy Quran; some of them are housed in mosques, and others in centres called 'Kutab'.

hostile to the West. The number of scholarship students dropped sharply as a result of sanctions imposed on Libya by the US government in 1986 (Clark, 2004). After the return of Libya to the international fold, and improved relations with the international community as a result of the ending of the Libyan support of international terrorism, and stopping its nuclear weapons programme, thousands of Libyan students returned to study in the US and Europe.

4.8.2 Accounting Education

Accounting education, as part of Libyan education, was started after Libyan independence at Benghazi University (Buzied, 1998). Benghazi University, founded in 1957, was the first Libyan University. In that University, the Department of Accounting confined itself to offering a bachelor's degree until 1986, the date of the beginning of postgraduate studies, when a master's degree was also offered (Garyounis University, 2010). However, to obtain a bachelors degree, accounting students had to study for about four years in accounting.

Accounting education in Libya is influenced by the US and British education systems (Zubek, 2008). According to Ahmad and Gao (2004), most of the staff members in accounting departments at Libyan Universities are either foreigners or educated in the UK, USA, or both. As other countries that have suffered from colonialism, the accounting system in Libya was affected by the Western context, and so is not consistent with the context of Libya (Samuels and Oliga, 1982). Accounting education in Libya was founded during the period of the monarchy, when Libya was adopting the capitalist system. Due to Western capitalistic influences on accounting education, accounting's themes have capitalistic orientations. In Libyan higher education, the accounting curriculum, textbooks and university staff was based on the UK system from 1957-1976, after that, the system changed to be US orientated (Baker and Russell, 2003). For Bakar (1997), the Western style has influenced Libyan accounting education, and both have influenced the economic development of Libya. It could be mentioned that colonialism has a significant impact on the educational system in Libya, especially when Libya was under the British Mandate before independence. Both the American and British education systems reflected the Anglo-American capitalistic view. Wijewardena and Yapa (1998) confirmed that most developing countries that were under British occupation adopted the British accounting education system. The impact of this system is so important on people's lives: 'not only is education affected by globalisation but it has also become a principle mechanism by which global forces affect the daily lives of national populations' (Tikly, 2001, p.155).

Green (1997) finds that the national education systems become more 'porous' and disappear with the passage of time under the control and the impact of Western education systems. Hence, without the ability to exclude and abolish the international dimension of education, the existing education systems should be gradually improved so as to retain relevance for the local context. For Tikly (2001), the Western education system contributed to the delay of national development in postcolonial countries, especially African countries. Shareia (2010, p.15) reported that Libyan accounting has been influenced by 'international colonisation and international businesses'[40], as the information system inherited from developed countries as coloniser powers does not provide the necessary information to implement the goals of economic development in the developing countries (see Baker, 2004). In any case, the accounting system in Western countries is based on liberalism and capitalism, thus the accounting system has been created to serve the goals of these countries, and to be consistent with liberal economics (Briston, 1990). Thus the pattern of Western education may be one of the reasons for non-implementation of some development programs in Libya. If we know that in the social regard, education plays a key role in reducing poverty, promoting sustained growth and national development, so to

[40] Before the change to a centrally planned economy.

enable the education to play its role, the kinds of skills and attributes should be carefully researched, taught and applied in the Libyan context (Tikly, 2001).

4.9 Accounting and Auditing Professions in Libya

Accounting principles, standards and institutions, including the profession, have been shaped by the Western context without considering the Libyan environment (Shareia, 2010). In Libya, business organisations had depended on foreign accountancy firms from Italy and the UK due to lack of local accountancy firms until 1952 (Ahmad and Gao, 2004). In Libya, auditors and accounting professionals follow international standards so far, as there are no local standards (see: Bakar, 1997). Despite the founding of the Libyan Accountants and Auditors Association (LAAA) in 1973—over three decades ago, it was an ineffective association. According to Baker and Russell (2003, pp.201-202), the LAAA has failed in establishing a code of 'ethics for its members…' regulate itself and organise its obligation towards the public interest' and failed to organise conferences seminars and training for members (Baker and Russell, 2003, pp.201-202). In Libya, the West has influenced Libyan accounting and auditing professionals. The type of education, background of accounting academics, preference and expertise of accounting companies/firms, which are UK and US orientated led Libyan accounting professionals to adopt Western practice (Baker and Russell, 2003; Ahmad, 2004). According to Shareia (2010, p.11), the international accounting firms established in Libya "drive Libya's accounting profession further towards a western model". Excessive dependence on Western standards reduces the differences between the definition and objectives of the accounting profession in Libya, and the UK and US. Also, such dependence creates a kind of confusion in the auditing process. As there is no uniform audit report, and accountants are not subjected to prior examination to be auditors. Instead, accountants, in order to be members of LAAA, must have relevant practical training as external auditors for a five year period.

Entities need accruals basis of accounting to prepare financial statements. In the absence of Libyan accounting standards, in Libyan commercial banking laws, there is a statement that obliges auditors or accountants to follow international standards. According to Article 82 of LCBs' law (2005), the external auditor is obliged to prepare a report on the bank's financial statement of compliance with domestic and international standards (Libyan State, 2005). Moreover, according to CBL policy 'the auditing and examinations of bank accounts and financial reports should be assigned to two external auditors who must prepare two separate reports about these accounts and reports in accordance with the international accounting and auditing standards' (CBL, 2006).

Also, Petroleum Law No. 25/1955 requires the application of "sound and consistent accounting practices usual in the (modern) petroleum industry" (Mukhtar et al., 2008, p.96). It seems that the law promotes adopting international accounting standards. Besides the law, officials in Libya encourage international standards. The Secretary of the Libyan Stock Exchange expressed that: "the adoption of international accounting and auditing standards in Libya requires intensive training efforts to qualify accountants and auditors in the public and private sectors to implement these standards" (ASCE, 2008, p.11). Also, the Deputy Governor of the CBL confirms that the need to focus more on international standards in different aspects, including: compliance with international standards in the banking sector development and training in mechanisation and technology, so considering international standards in this regard. Furthermore, he confirmed the need for commitment to international accounting standards in accounting disclosure (Al-Shukri, 2007). This reflects that the main concern for some officials is application of international standards rather than thinking of creating local standards that take into account the local context.

The contribution of international accounting standards and the UK and US accounting system in the Libyan context, especially to fill the gap in accounting, is significant. But we argue that such Western standards should not be a substitute for local requirements, because it will contribute to the consolidation of Western values instead of the local. For Shareia (2010, p.9), it is beyond merely consolidation of Western values, it contributes to a "westernised social, political and economic environment" in Libya, which is not compatible with the Libyan context. This is what Briston (1990) confirmed as well, in that Western accounting and auditing standards mainly focused on financial reporting and the auditing of financial statements. Other information that concerns government administration is not reported according to Western accounting standards. Shareia (2010, p.9) mentioned the characteristics of both Western and local environments as follows:

In the Libyan context, there is:

> "heavy dependence on oil revenue in funding various economic activities...predominance of public sector ownership of economic activities...inefficiency of economic activities associated with public sector ownership...continuous intervention on the part of the state in setting up development... ineffectiveness of the accounting profession, professional standards that are poorly regulated under state laws, limited accounting education opportunities... a stock exchange that has only been established a short time".

While, in the Western context, there are:

> "active economic activities across all sectors...predominance of private sector ownership of these activities...economic efficiency associated with competition and private ownership...limited state interference...a well-established accounting profession regulated by professional organisations and authorities, including an appropriate accounting education system...the operation of established, active stock markets, which play a vital role in funding economic activities."

Other differences include Libya being a 'collectivist society' with high levels of uncertainty avoidance, while in the West the level of uncertainty avoidance is low, with ‘individualistic societies’. Thus the output of the accounting system may not reflect the actual practice on the one hand, and on the other hand does not reflect the ‘information needed by its socialist government for macro-economic purposes’ (Shareia, 2010, p.12). Thus, the approach to accounting should be broadened by considering local features, and promote accounting to pay attention to economic development of the State, and considering other stakeholders’ interest as part of the entity’s economic interest. The dominance of Western education and international standards reflect to what extent accounting has been captured by repressive hegemonic forces.

4.10 The Impact of Global Institutions (WB and IMF) as Tools of Globalisation in Libya

The global institutions are mostly controlled by Western countries, thus their recommendations mainly aim to protect Western interests (Held and McGrew, 2002). For Ferri (2003), these recommendations have caused serious consequences for the economies of developing countries, especially social consequences. The dominance of these international organisations means banks pay less attention to social and environmental issues, because the IMF is becoming larger and more powerful than nation-States in some developing countries (Crowther and Martinez, 2004; Annisette, 2004). Accordingly, the WB's and IMF's recommendations and procedures are not always in the interests of the country and society (see Gallhofer et al., 2011). Globalisation's requirements, which include 'opening up to international competition', following laws and regulations imposed by international agreements, might prove 'unsupportive of CSR', therefore, making the State follow 'universal values' that are inconsistent with the local context (Ararat, 2006, p. 7).

In the Libyan context, the impact of globalisation can be seen through the recommendations of the IMF, the WB, and the Basle Committee, where the CBL relies on these recommendations to determine its policies for commercial banks[41]. Also, changes in ownership structure, and laws to combat money laundering and terrorist financing could also be seen as consequences of globalisation. According to the WB, Libya is “building a strong investment climate in open markets and reforming state-owned enterprise” (World Bank, 2006 p.60). Furthermore, the 2004 WB recommended starting the transition to a market-oriented economy, and promoting competition between the private and public sector, as well as eliminating the "practice of using the ORF for funding extra-budgetary expenditures" and giving incentives to entrepreneurs (World Bank, 2006 p.58). Both the IMF and WB continue to work closely with the Libyan government and the CBL to improve accountability and transparency; they provide some recommendations in that regard (Chami et al., 2012). Also, a WB report criticised Libyan laws and regulations for remaining inconsistent with the requirements of a market-oriented system (World Bank, 2006). The CBL agreed with the IMF in creating a "structured capital market and the first sovereign" (Saidane 2010, p.26). Furthermore, the IMF pointed out that it was unsuitable for the CBL to be the owner and governor of commercial banks. The IMF Country Report

> "recommended that the CBL reconsider its bank restructuring approach and adopt the strategy recommended by staff, including the establishment of a bank restructuring agency that would take over ownership of commercial banks, which in the staff's view is a key for the success of this strategy" (IMF, 2006, p.3).

Such a decision could have a fundamental impact in the Libyan context, in terms of the banks' response to social issues. Also, the WB document about Libya recommended that "the role of the CBL in regulating the terms and conditions of credit extension or investment by commercial banks, should be reduced" (World Bank, 2006 p.viii). In April 2008, the WB conducted a workshop on restructuring the Libyan economy in light of the new roles of the State and the private sector. The workshop discussed the way to integrating with the global economy, and discussed the experiences of countries that have

[41] The engagement of the WB with Libya started in 2004 to discuss the opportunities facing the Libyan Economy in the global economy.

undergone such a transition. Also, recently in 2012, the CBL signed an agreement with the WB concerning a study to be conducted on the development of the Libyan banking sector.

The role of the WB and the IMF in accounting may also be seen through their imposing international accounting standards on borrower countries (Annisette, 2004). The WB literature reduces the possibility of the social function of accounting given its emphasis on the financial aspects, where the WB and the IMF are at the centre of today's global capitalist economy; indeed, the financial structures of the WB do not show a "predisposition to pursuing policies beneficial to the developing countries", where issues such as poverty reduction and social development are not taken seriously by the WB (Annisette, 2004 p.304). However, the WB took advantage of these issues significantly in order to legitimise its existence. For instance, a study in Bangladesh confirmed that the accounting systems after the (forced) privatisation and open market (widely promoted by the WB and the IMF) "degenerated into a private system of book keeping", rather than allowing more accountability and transparency (Annisette, 2004 p.316).

International organisations including the WB and the IMF have promoted liberalism, and requested that developing countries abandon socialism and change ownership structures (Rahaman, 2005). The end of the colonial era, yet with the continued survival of the coloniser's influence represent neo-colonialism or a continuation of Western domination, without the traditional tools of occupation or the expanding of territorial boundaries. This has been replaced by various political, economic and intellectual forms of control, including the WB and the IMF (Mir et al., 2008).

4.11 Discussion and Conclusion

Libyan society lacks diversity of religion, ethnicity and language in that more than 90% of the community share the Islamic religion, Arab ethnicity and the Arabic language.[42] The loyalty of the individual to the family, tribe and religion might be greater than other obligations, as kinship ties and religious observance distinguishes the social life of the Libyan people (Metz, 1987).

After rising to power in a military coup in 1969, the State raised the banner of socialism, and enacted laws to support socialism. However, Western economic, political and educational influence, consistent with a capitalistic orientation, has remained dominant in Libya. Socialist ideology—represented in the Green Book introduced in 1977, focuses on the importance of society as a whole, and marginalises the role of individuals and groups including civil society[43]. Socially, the Libyan regime issued many laws and regulations related to women, workers and civil rights to support social issues from the regime's viewpoint (GPCJ, 1997). Economically, the regime ostensibly strove to develop policy and enact legislation, towards a more equitable distribution of wealth, social justice, the removal of differences between members of the community and the achievement of social and economic well-being. Furthermore, the regime's ideology and laws focused on the political, and claimed that the people were the real governors of Libya. However, the political and social constraints imposed by the regime's laws and regulations did not make room for civil society organisations to play their role in society. Thus, as a result of absence of civil society organisations, there is no guarantee of implementing economic and social

---

[42] Some other Arab countries - especially Gulf countries - share Libyan characteristics in terms of lack of religious diversity (Hourani, 2006).

[43] However, some of these laws were arguably contrary to socialist thought, for instance the laws to establish the free market and the possibility of individual ownership.

laws, and other regulations enacted by the regime (Metz, 1987; Financial Standards Foundation, 2010; Encyclopedia of the Nations, 2010; U.S. Department of State, 2010).

In order to remove legacies of the colonial era deemed problematic, the Libyan regime changed laws and ideology, even the name of the country and the names of the months. Moreover, the regime prohibited the establishment of political parties (Qadafi, 1977). Also, any local groups could not be established without approval of the regime, and under its auspices. It should be noted that the regime raised slogans of freedom from the regime's view. Thus democracy and freedom did not mean parties, elections, referendums, freedom of expression and demonstrations, and a State constitution; these were deemed to be Western imperialistic values (Qadafi, 1977). Besides, any demonstrations according to the regime had to be in favour of the regime itself. Some international organisations classified Libya among the lowest countries in terms of freedoms and democracy. According to Freedom House, "Libya as "not free" and has assigned it a rating of 7 out of 7 for political rights and 7 out of 7 for civil rights. The lower the rating the higher the degree of political and civil liberties. Libya is one of only 8 countries that Freedom House has assigned a rating of 7 for both political and civil rights" (Financial Standards Foundation, 2010, p.3).

The absence of freedoms, democracy and the gap between laws and practice in Libya is coupled with a high level of corruption. Many observers attributed the reason for the spread of corruption to State control of economic activities (Bskeri, 2006; Encyclopedia of the Nations, 2010; Qadafi, 2010). Some deemed the reason to be the elite control over the country's economic capabilities, in the absence of transparency, freedom of expression and civil society organisations. This led the Libyan privatisation and investment board to call for 'the State to withdraw from all economic activities and focus on making laws and regulations' (Reuters, 2010).[44]

Libya nationalised its economy and foreign companies, under the pretext of protecting the country from imperialism and monopoly, but the country has returned to the open economy step by step. The reason for the Libyan direction towards liberalisation is not only a result of the pressure of colonialism or international organisations. One reason may be the impact of Western education, which convinced the regime of the need to change. Also, recommendations from some government institutions contributed to the trend towards the free market. As in the case of the CBL report in 2006 blamed the government agencies and public companies for the deterioration of the economy. Accordingly, the Libyan government began to implement plans to change half of the Libyan economy to the private sector within ten years (Reuters, 2010). Also, the State began to develop plans for entering into the global economy, starting privatisation and establishing a stock market (Shareia, 2010). It should be noted that the Libyan regime denied, despite these changes, that they had turned towards Western capitalism, describing the moves as part of socialism or popular capitalism. For Al-Sawi (2008) 'popular capitalism' is a Libyan rhetorical cover for the market economy. It was really part of a trend towards a market economy after nearly 40 years spent as a socialist economy. The regime claimed that the rationale behind this step was not to obtain capital, but to improve management performance and to create work opportunities and to decrease dependency on Oil and Gas (Libyan Investment, 2010; Reuters, 2010).

Despite the longstanding theoretical hostility and between the socialism and the coloniser's thought, the coloniser's thought that are represented in Western culture is still dominant in

[44] The Libyan Privatisation Investment Board is a government body that oversees privatisation programmes of some public institutions in Libya.

the accounting system in Libya. The evidence of the influence of Western thought is seen in the following factors: (1) the emergence of the accounting profession and education in Libya at the time of the Kingdom and capitalism, (2) the accounting staff in the Libyan Universities are either foreigners or those who have been educated in the UK and the USA. (3) Absence of local auditing and accounting standards, so professionals are mainly reliant on international standards. (4) Delay in emergence of accounting organisations and dependence on Italian and UK companies until 1952. (5) Weakness and ineffectiveness of the Libyan Accountants and Auditors Association (LAAA), and its lack of contribution to the accounting profession. (6) Thousands of students who were sent in the seventies to the West, especially to the UK and the US, to study for Master and PhD degrees. (7) Encouraging Libyan laws, regulations and officials towards adopting international accounting and auditing standards.

All these factors reflect that accounting education and the accounting profession have long been influenced by the Western system and experience. Also, these factors make the values of Western societies dominant in business organisations, values which do not conform to Libyan society. Kamla, (2005, p.170) argued that 'the particular culture and needs of the Arab societies are ignored in the process of setting international accounting/social accounting standards and initiatives that are often adopted as national standards in these countries'. Shareia (2010) deemed that the Libyan education background might contribute towards increasing the gap between theoretical orientations and practice, as a result of the lack of consistency between the accounting education and the professional on the one hand, and socialist thought on the other.

The accumulation of political and economic problems, the emergence of rich and poor social layers and the spread of corruption in the State institutions with nepotism, as well as raising the slogans and principles of freedom and justice, which are not really applied, have generated a resentment and frustration amongst a broad section of the Libyan people.[45] The frustration has found an outlet through what has happened in Tunisia and Egypt.[46] These significant changes in Tunisia and Egypt have led to breaking the barrier of fear among the Libyan people. People participated in anti-regime demonstrations, which swept through the whole of the country. The demonstrations surprised the regime, especially if we know that the regime's ideology would not have permitted such demonstrations. Although, the demonstrations began peacefully, the regime used excessive violence and weaponry against the unarmed civilians. The events have evolved to a quasi-war waged by the regime against unarmed citizens in the cities. The regime argued sometimes that they are fighting Al-Qaeda extremists, and at other times, that all the demonstrators in Libya were taking hallucinatory pills. These events have made the international community intervene, on the pretext of protecting civilians. Therefore, The UN issued Security Council Resolutions No. 1970 and No. 1973, to impose economic and political sanctions on the regime and to protect civilians. Later with the help of the international community, the revolutionaries managed to control the country, and end the control of Qadafi's regime, which had lasted for more than 41 years. The events strongly indicate that Libya faces a new social, economic and political era, which will impact on the life of the Libyan people.[47]

---

[45] It should note that Libya's education and health have been free and the State has implemented positive social initiatives, but this arguable does not reflect Libya's tremendous wealth. And wealth distribution has become a greater issue: "Libyan country has great wealth, with no real debts and blessed with a plentiful supply of one of the world's most valued commodities. A country able to shrug off the global financial crisis, so rich that it could go for a year earning nothing at all and still have plenty of to spend. Place that country in North Africa and you are imagining Libya" (Upper Reach, 2010). In 2007 the export and re-exports were about 41 billion Dinar, while the imports were 8 billion Dinar, giving a positive Balance of Trade of about 33 billion Dinar. This reflects extent of the trade surplus, which can be used for development and infrastructure.

[46] Tunisia and Egypt are Libya's neighbours, where revolutions have taken place in both countries and led to change the political regimes.

[47] The end of the events taking place these days are unpredictable, but the inevitable thing is the political and economic system in Libya will not be as used to be the case. Despite the controversy and sharp difference between the old regime and rebels in Libya, there is agreement on the need to hold a referendum and the establishment of a constitution and presidential and parliamentary elections under international supervision.

Even after Libya gained independence, Western countries still saw Libya as a vital part of their interests. These interests were all the more, given the proximity of Libya to mainland Europe. The country has been a target for physical occupation in the past, and in recent times, the emphasis has been on a kind of economic occupation. Accordingly, the stability of Libya is important for Western countries, and explains the strong intervention in the recent events in Libya. For instance, the oil imports from Libya will not be replaced easily in the short term: Europe imports more than 85% of Libyan oil exports, and Libyan oil covers 22% of Italian, 16% of French and 13% of Spanish oil consumption (Al-Awadi, 2011). In addition to the vital and strategic interests of British and Italian oil companies that work in the oil and gas field in Libya, which cannot be easily abandoned. Thus, the overlap of interests between Libya and the West make the internal affairs of Libya a global issue deserving rapid intervention. In the banking sector, there are some social endeavours that have been promoted by the State, such as requiring commercial banks to allocate a proportion of their credit portfolios to housing and social loans. These endeavours on the face of it have been limited compared with what the State raised in social slogans. In the next chapters (five and six), the State laws and regulations will be discussed with regard to categories and themes.

Chapter Five: Analysis of Annual Reports

5.1 Introduction

In this chapter, the researcher aims to explore, evaluate and elaborate a critique of the social disclosure of Libyan Commercial Banks[48]. The investigation will be conducted by analysing the content of the banks' annual reports. By utilising the disclosure index as part of content analysis method, the researcher aims to explore the social information that Libyan banks disclose as well as the social information they do not disclose through the presence or absence of social accounting information in the selected annual reports. There are many forms of media communication that banks might use to make their activities visible and public. This research explores one of the main forms of such media communications: annual reports (in this research 27 annual reports were analysed).

For this purpose, the first section focuses on how and why content analysis/disclosure index is used in the social accounting literature, and justifies using the annual report as the main sampling unit in the study. It also reviews and offers a critique of the different approaches to conducting content analysis used in other studies, such as counting and analysing. In the second section, the content of the annual reports is reviewed and analysed, considering socio-cultural, legal, economic and political contexts, including Libyan socialist ideology and the impact of globalisation. The third section discusses and analyses disclosure in the sample of annual reports, summarises important points in relation to disclosure and suggests reasons for non-disclosure.

For Krippendorff (2004, p.18), content analysis is: "a research technique for making replicable and valid inferences from text (or other meaningful matter) to the context of their use". Content analysis as a research method has been used widely in social accounting research (Gray et al., 1995b; Bebbington et al., 1999; Milne and Adler, 1999; Freedman

[48] Libyan commercial banks are 15 banks; in this thesis 12 banks are studied.

and Stagliano, 2002; Guthrie and Abeysekera, 2006). It is mainly used to explore how entities discharge accountability through financial and non-financial information in different media communications. On many occasions, content analysis in social accounting research is conducting by analysis of annual reports. In this study, the content analysis is also used in researching annual reports. The chapter aims to obtain an overview of the status quo of social accounting disclosure in the Libyan Commercial Banking Sector. Content analysis requires transferring content from annual reports (or the selected media) into categories according to a checklist of categories. This categorisation assists the researcher in determining the kind of information that is reported, and that is not referred to in annual reports (Milne and Adler, 1999; Branco and Rodrigues, 2006; Maali et al., 2006). For the purpose of data analysis in this study, the researcher should be aware of what kind of social information should be reported taking into consideration the Libyan context; then, investigates the presence or absence of social accounting information in the focus of the study—here the annual reports of LCBs. As the research depend on critical theory, the concern goes beyond classification issue of the annual reports content to the critical analysis of the annual reports content and whether social disclosure by LCBs constitutes any emancipatory potential that can promote positive change in Libyan society.

5.2 Content Analysis and Disclosure Index

In this thesis, the first empirical investigation is considered a form of 'disclosure index'; this is consistent with a broad understanding of 'content analysis' in the literature review. Beattie et al. (2004 p. 214) reported that "disclosure index studies are based on the general principles of content (or thematic) analysis - a well-established method in the social sciences". For Dragomir (2010 p. 368), disclosure index studies form a part of content analysis, "which involves classifying text units into categories". Yekini (2009 p.124) also confirmed that by stating: "We use content analysis to identify what companies disclosed in their annual reports and use this to create a disclosure index for each of our sample companies". The analysis in this study focused on sections of the text that relate to the selected categories and indicate 3BL, that is why the analysis here takes the form of a disclosure index, and is characterised as a 'partial type of content analysis' (Beattie et al., 2004 p.208). Using disclosure index as a part of content analysis is considered a most useful technique as a result of its important role, where "(1) it is based on the 'breadth' (number of different topics) and 'depth' (specificity of information provided) and (2) it may avoid elements of subjectivity" (Yusoff and Lehman, 2006 p.10). Many studies have used a disclosure index as a research method (e.g. Ellabbar and Havard, 2005; Hossain et al., 2006; Maali et al., 2006; Barako and Brown 2008; Yusoff and Lehman 2006; Cheung et al., 2010). The main differences between content analysis and disclosure index, is that the first analyses the whole text of a media communication, while the second focuses on particular predefined information from a previously selected list to be analysed. However, this does not preclude classifying disclosure index as a partial type of content analysis (Beattie et al., 2004; Dragomir, 2010; Hassan and Marston, 2010).

5.2.1 Disclosure Index

> "A disclosure index is a research instrument comprising a series of pre-selected items which, when scored, provide a measure that indicates a level of disclosure in the specific context for which the index was devised" (Guthrie and Abeysekera 2006 p.11).

According to Marston and Shrives (1991 p.201) the first use of "disclosure index occurred in 1961" by Cerf to publish his research results. Disclosure index "can be used to show compliance with regulations if the items in the index are so chosen or conversely it can be used to show the level of voluntary disclosure" (Marston and Shrives, 1991 p.195). It could identify the level of disclosure and particular predefined information in the entity's annual report; here, in this study, "social accounting in LCBs", such disclosure could be mandatory or/and voluntary information. Also, the disclosure index can cover more than one source of information (e.g. annual report and website), as well as covering company and non-company sources of information (Hassan and Marston, 2010). The significance of disclosure index is in selecting items or predefined information to investigate and analyse (Marston and Shrives, 1991; De-Best, 2000).

5.3 Annual Reports in Accounting Research

Determining which documents should be subject to analysis, represents according to Krippendorff (2004), the first step in the analysis the content. In this research annual reports are the unit of analysis for the quantification and analysis of social accounting disclosure (Tilt, 1994; Unerman, 2000). Milne and Adler (1999, p.237) have stressed that the majority of researchers in the social accounting field have "focused on the disclosures organisations make in their annual reports...The research method that is most commonly used to assess organisations' social and environmental disclosures is content analysis". In order to justify the reason to choose annual reports as the main source for content analysis, it is appropriate to review the importance of annual reports in accounting research in general and social accounting research in particular.

Issuing annual reports represents part of the entity's responsibility. It is governed not only by matters of custom and the market place, but also by legislative and quasi-legislative regulation. Whether explicitly prescribed or something of an apparently voluntary nature, information in these reports may indicate the parties to whom an entity's management feel responsible (including the parties themselves). Given the dominance of conventional accounting, annual reports usually reflect the repressive form of accounting (Gallhofer and Haslam, 2003). As Mangos and Lewis (1995, p.54) explained: "Managers' accounting choice and literate response in annual report form part of the corporate social responsiveness within the economic activity". Annual reports are one of the preferred ways of communication, dialogue and discharging of accountability to a wide range of stakeholders (Gallhofer and Haslam, 1997; Buhr, 1998; Guthrie et al., 2004). The annual reports also have a high level of credibility in comparison to other media (Tilt, 1994). The annual report may not be the only way for a corporation to discharge accountability, however, "they are the only form that is institutionalised and provided on a regular basis year after year" (Buhr, 1998, p.169)[49]. The annual report is easily accessible. For some researchers, annual reports may become the only or key source available as a result of the limited number of other documents (Unerman, 2000), thus annual reports could reflect either the repressive or emancipatory tendency of accounting form. Furthermore, the reports provide a source to review earlier periods (Gray et al., 1995b). Thus, annual reports are often the key visible, public and available documents.[50]

Annual reports, according to Campbell (2000 p.84) 'can be accepted as an appropriate source of a company's attitudes towards social reporting'. For many corporations, social information has become part of the annual reports (Gray et al., 1995b; Gray et al., 1996; McAuley, 2005; Utama, 2009). Nevertheless, most of those disclosures are of an apparently voluntary nature rather than formally regulated (Bebbington and Gray, 1993; Mayo, 2001; Gray, 2002; Pearce, 2002; Lodhia, 2003; Catasús, 2008). Voluntary social accounting indicates to 'counter radical social accounting' that stems from business organisations needs. Thus, talk about emancipatory potential of social accounting is questionable in light of its voluntary nature (Gallhofer and Haslam, 2003). In this respect, there is no agreement on a common definition on what constitutes social reporting in terms of either the content or form (Gray et al., 1995b; Milne and Gray, 2007). In spite of this, most agree that annual reports remain an important medium for the communication of

[49] For more see Gray et al (1995b, p.82).

[50] As far as the case of Libyan banks is concerned, the researcher found that there are no other media communications as information sources to reflect bank activities except for annual reports.

social and environmental information to all interested parties.[51] Providing social information in annual reports contributes to enhancing the level of accountability and transparency. For Gray et al. (1995b, p.83), this is because information provided in reports:

> "is more likely to be read…it indicates the importance attached to the issues…it falls within the auditor's ambit… it is covered by the auditor and demonstrates the high profile of the issue and/or its integration with mainstream matters of the company…it is fully integrated with the mainstream activities of the organisation".

The annual report is a significant document in which corporations may reflect their attitudes, desires and contributions towards society. The annual report might also establish a social image to be seen by a wide range of stakeholders, whether such an image reflects 'counter radical' or 'radical' social accounting—see Gray et al. (1995b), and Gallhofer and Haslam (2003). Nevertheless, some researchers are concerned about the notion that the entity can choose what to report or cover, and what to omit. Annual reports might be used as a tool to enhance the corporate image, and as corporate propaganda. Thus, social accounting might be used for the purposes to serve entities' interests in the first place (repressive/counter radical form of accounting) rather than the objectives established for enhancing society's well-being (emancipatory form of social accounting). Such entities' interests might include polishing entities' reputation, or for the purposes of legitimising their economic policies and operations (Gallhofer et al., 1998; Gallhofer & Haslam, 2003; Kamla, 2007). For Gallhofer and Haslam (2003): 'Such social accounting is conceived of as having gone beyond the conventional but with an orientation towards the preservation or enhancement of the current socio-political order rather than something akin to an emancipatory intent' (Gallhofer and Haslam, 2003, pp.114-115). Accordingly, as social accounting information becomes part of entity's reporting activities, the corporation's efforts to legitimise their operations become easier – in some ways especially because not every disclosure in the annual report is mandatory or verified/audited (Lehman, 1999;

[51] In this respect, there are no stand-alone social reports issued by Libyan banks.

Gallhofer and Haslam, 2003; Guthrie et al., 2004; Dey, 2007). For Brown and Deegan (1999), annual reports are probably used by corporations to legitimise their operations[52].

5.3.1 Sampling Units Used in this Research

It is difficult for any study to cover all documents relating to the targeted companies, "it is almost impossible to identify all corporate communications that could possibly contain CSR information" (Vourvachis, 2007, p.12). The researcher, therefore, has to sample a type and number of documents for analysis. Accordingly, for the purpose of this study, and to explore social disclosure in the Libyan commercial banking sector, disclosure index as part of content analysis will be conducted mainly on annual reports. This is because in the context of Libya, the researcher founded it difficult to gain access to other sources of information (such as internal reports).

In literature, number of words, sentences or pages has been used to examine levels of social disclosure (Ingram and Frazier, 1980; Gray et al., 1995b; Hackston and Milne, 1996; Guthrie et al., 2004; Krippendorff, 2004; Guthrie and Abeysekera, 2006). Some researchers preferred to use number of sentences in assessing the volume of disclosure, as they deem number of sentences to give a clearer view of social reporting (Gray et al., 1995b; Ingram and Frazier, 1980; Milne and Adler, 1999; Hackston and Milne, 1996). Whatever the technique used for analysis, a researcher should be careful, as the mere inventory of sentences or words (data capture) could lead to misleading results, especially when the researcher focuses on counting the content rather than analysing it. In the analysis, there are two important issues that have been addressed in various ways. The first issue relates to

[52] In the Libyan commercial banking sector, annual reports represent main media; also there are no other internal reports to any of interested parties. Moreover, some banks do not have websites. Therefore, as a result of these factors and thesis limitations, the thesis will focus on annual reports

how data can be captured into categories, while, the second issue relates to categories selection. These two issues should be discussed to justify the method adopted.

5.3.2 Data Capture into Categories

There are two methods of analysis used in social accounting research to capture data into categories. The first relies on the weight of each category or sub-category, by recording/coding the content of the annual report (or other media), using the coding of text. This means many words, paragraphs, pages or sentences are classified and attributed into suitable categories and sub-categories. Thus, classifying text into each suitable category depends on coding selections to report the number or percentage in each category. This manner reflects each category weight; see, for example, Hackston and Milne (1996), Milne and Adler (1999), Parsa and Kouhy (2001), Guthrie et al, (2004), and Guthrie and Abeysekera (2006). The second focuses on analysis of the content rather than counting it (Gallhofer et al., 1996; Kamla, 2007). Here, the purpose of content classification is to identify the presence or absence of each type as well as analysing and understanding the content. So the main difference between the two methods is that the first gives importance to the weight of each category, while the second gives importance to the presence and quality of disclosure of each category. Each method has groups who embrace and promote it. It is however methodology, the aim of the research, and the choice of theory that are the critical factors in determining the method chosen.

5.4 Limitations of the Method of Analysis

For this study, it may be considered that a limitation was in the small number of annual reports. This, at the same time, results from the low number of Libyan Commercial Banks (15 banks), the researcher obtaining four annual reports from each bank (the accessibility issue is discussed later). Another issue is whether the method of analysis is universal. It is widely used in various countries, which have different laws and regulations governing disclosure. One may wonder to what extent it considers diversity and difference in different contexts. Here, an effort has been made to shape the particularities of the method through contextual appreciation but limitations may continue given the method's development for other contexts. Regarding limitations of the analysis of the content of the annual report, of which the usage of the "disclosure index" is a part, the focus is largely on the quantity of disclosure rather than quality characteristics; and even where they focus on quality, for these methods "the amount of disclosure is used as a proxy for disclosure quality" (Beattie et al., 2004 p.213). Analysis of the content can easily reflect researcher bias; this may be reflected in the subjective coding process for analysis of narratives (Gray et al., 1995; Milne and Adler, 1999; Guthrie and Abeysekera 2006; Flack, 2007; Yekini (2009). As Der-Kruk (2009, p.30) notes, a "form of subjectivity arises when the disclosure index approach is used". However, preparing decision rules in advance can help to reduce some possible subjectivity. Among the risks of the disclosure index approach is that counting words or sentences is expensive in time spent, and furthermore, "companies can influence the disclosure scores by adapting their writing style" (Der-Kruk, 2009 p.14). To overcome the limitations of the analysis in coding and counting, the disclosure index usage specified items ex ante, and "examine[s] the text on the presence of these items" (see Der-Kruk, 2009 p.31). Other general limitations are related to difficulties in measuring the extent of voluntary disclosure (Healy & Palepu, 2001). Moreover, the other limitation of the disclosure index is that it is partial, where it focuses on "particular issues or pre-selected index items" (Beattie et al., 2004 p.213). Such partiality may be inevitable but it is a limitation. Other limitations include biases in the selection of categories and checklists and the difficulties of capturing data into categories (Campbell et al., 2006). For Hassan and Marston (2010 p.21), the construction of a disclosure index "does not take into account the incremental information content of each new item of information added to the index". It is important to acknowledge these limitations, and to interpret cautiously in the light of the awareness, even if some follow from the nature of the method. This particular method is supplemented by others here.

There are those—for instance, Neuendorf (2002)—who believe and insist that analysis the content is exclusively related to the quantification of texts (quantitative disclosure). Problems of quantification of the content are still controversial in the content analysis literature. Difficulties already exist in the content analysis or/and disclosure index process related to choosing content units, pages, words or sentences. For example, using pages has potential complexities such as the existence of images and graphics, besides, considering pages may lead to losing some information (Gray et al., 1995b). Furthermore, there are difficulties that may arise when using word count as content units. These include "differences in font sizes, styles of writing, margin" (Parsa and Kouhy, 2001, p.6). Sentences also give rise to some issues, where many of the sentences could be in more than one category. This means the number or percentage of content into categories is subject to an analyst's discretion (Neuendorf, 2002, p.24). Actually, most of those difficulties are associated with coding the data and attempting to count the content rather than analyse it. Content analysis as a research method is therefore, criticised for its overall focus on quantity of disclosure (Milne and Adler, 1999; Unerman, 2000) rather than quality. Bos and Tarnai (1999, p.662) criticised the focus on counting words, pages and sentences in the analysis:

> "Pure quantification offered no guarantee for the validity and reliability of the results......If analyses were limited to the manifest content, this limitation would prevent them from being extended so that one could draw inferences about the latent content hidden between the lines, the motives of those who produced the texts, or the effect of texts on the reader"

Also, Billig (1989, p.206) as cited in Wilson (1993) criticised the counting of words, pages and sentences in the analysis:

> "This sort of methodology can count words, but it cannot interpret them. Under some circumstances mere counting can lead to misleading conclusions".

Moreover, content analysis can be seen as a method for 'interpreting the meaning of texts' (Ahuvia, 2001, p.150), so that interpretation can be done by analysing the content rather than quantifying it. This is what Newbold et al. (2002, p.80) tried to explain:

> "There is no simple relationship between media texts and their impact, and it would be far too simplistic to base decisions in this regard on mere figures obtained from a statistical content analysis".

Macnamara (2006, p.5) also agrees with that point of view: to realise the impact of media, "frequency of media messages" is not sufficient to demonstrate how much influence the media has.

Taking into consideration the above arguments, this research is more concerned with the presence and absence of each category to highlight the nature and quality of social disclosure, and then interpret the findings in accordance to the Libyan socio-cultural, legal, economic and political context. As the research adopts critical and postcolonial theory, it explores the emancipatory potentials of social disclosure. Thus, the research goes beyond coding and counting the content of disclosure and attempts to identify 'radical' social accounting and 'counter radical' potentials of this disclosure. Understanding the Libyan socio-cultural, legal, economic and political context enables the study to mobilise and envisage social disclosure that could bring emancipatory change. Therefore, coding and counting the content of media communications will not serve the research purpose. Accordingly, the analysis of annual reports starts by understanding the context of their contents and refers them to a suitable category in the checklist. Category selection/categorisation of qualitative data represents another issue that would be discussed in the next section. There is no agreement on the specific categories that can be adopted in analysis. The literature provided different groups of categories for analysis, for example Guthrie and Mathews (1985) and Gray et al. (1995b).

5.5 Categories Selection Issue

> "Arguments over the meanings of the terms 'social and environmental' are reflected in the different categories of these terms that have been used in content analysis" (Campbell et al., 2006, p.97)

In general, categories in content analysis/disclosure index mean, different groups have common characteristics. Some would prefer units to contain a mixture of sentences and words, to be devoted to different categories (Milne and Adler, 1999). The classification of sentences or words into groups/categories would be based on some common characteristics that are identified by a researcher in advance. In the literature, there are many kinds of categories adopted by authors such as Guthrie and Mathews (1985), Gray et al. (1995b), or adopted by institutions such as GRI (2002; 2008). However, one should be careful when adopting specific categories. This is because classification of groups depends to some extent on the industry, and the context that the entity operates in (Ahmad, et al., 2003). For Rourke and Anderson (2004), it is better for the researcher to use a checklist that was previously used and tested (see: Stacey and Gerbic, 2003; Rourke and Anderson, 2004). However, a different context requires different category classification. Belal and Momin (2009, p.13) noted that studies in developing countries regarding social responsibility mainly depended on "established categories rather than attempting to explore CSR issues from a contextual analysis of these disclosures". A few studies in developing countries, such as Kuasirikun and Sherer (2004), and Kamla (2007), however, considered the specific social and economic context in their categories.

It is important for this research to benefit from previous categorisations that have been prepared and adopted in previous studies. Nevertheless, it is also important to consider the context of Libya and commercial banks. Kamla (2007, p.121) deems the groups of categories adopted, to "reflect the researcher's reading" but should also be considered in context. Therefore, the researcher stressed the need to take into account social, economic and political characteristics, when adopting specific categories. This is what Belal and Momin (2009, p.12) explained:

> "a researcher can miss a particular type of disclosure which is typical to an emerging economy context if strictly focused on categorisation developed in regard to developed economies...where...there is a great deal of variation between economies in the issues recorded within each category...so...CSR issues in an emerging economy often need to be carefully identified or explored considering its own socio-cultural and political context".

One would like to emphasise that classification of items into categories is arguable. Each researcher could have a viewpoint about classification, and the difference in classification exists in literature as well. However, regardless of classification, the main concern here in this study stems from a critical analysis of accounting/social accounting, to consider the extent such disclosed items/categories/subcategories refer/indicate to radical social accounting (empowering and emancipatory potentialities). Therefore, the research concern goes beyond the classification issue of the annual reports content to the critical analysis of the annual reports content. Social information in the LCBs annual reports were considered and classified into each related category, including monetary information non-monetary information 'narrative' and bad or good news. In other words, any information considered to indicate social responsibility are classified into a suitable category, regardless of what the purpose of information, or whether the information reflects radical social accounting or counter radical social accounting.

From the previous discussion, a number of criteria can be identified to govern the selection of proper categories for this research,

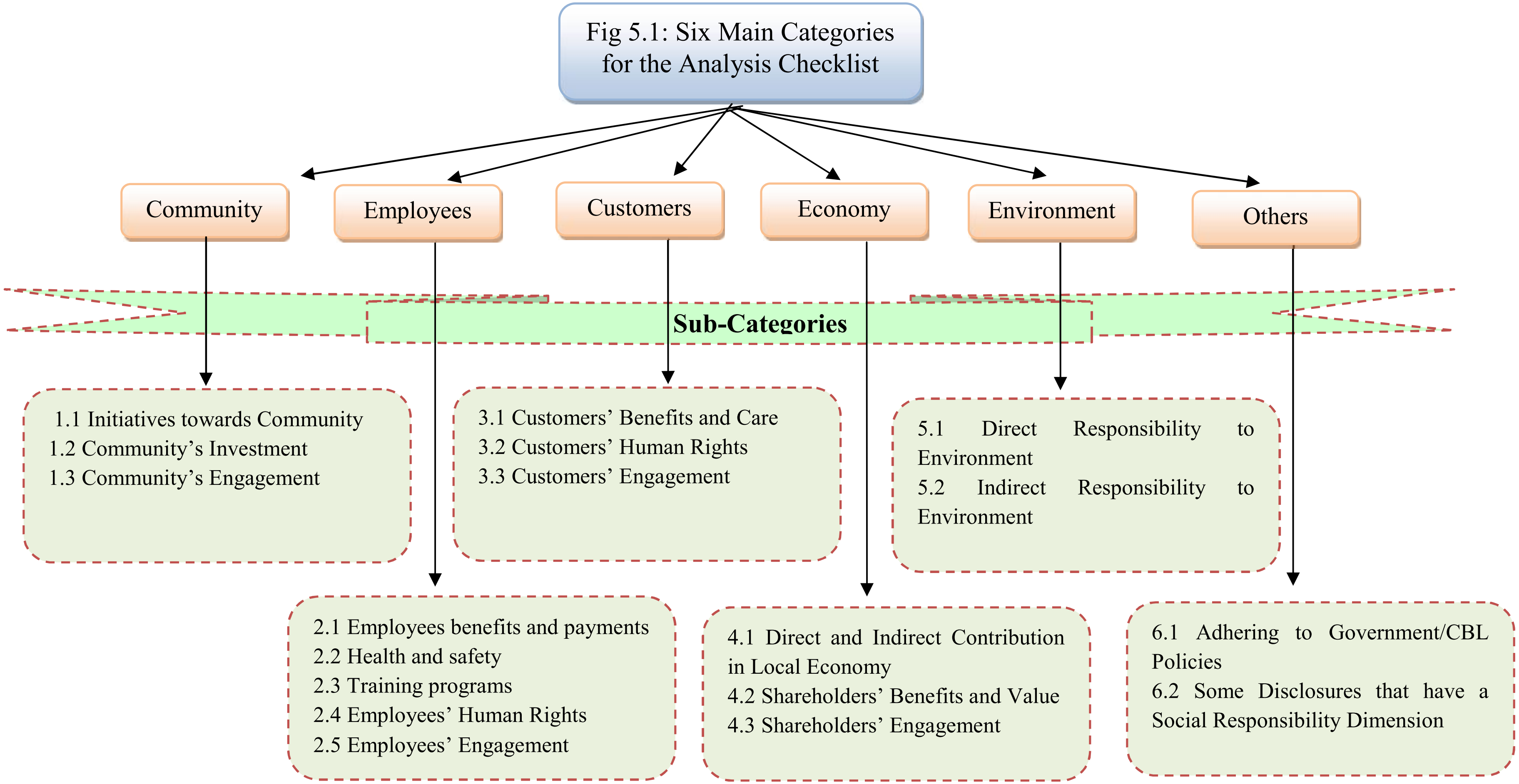
- The theoretical framework and the purpose of the research should be reflected in the categories (Ingram and Frazier, 1980; Vourvachis, 2007).
- The research context, which includes socio-cultural, legal, economic and political factors, significantly influences the choice of these categories (Gallhofer et al., 1996; Kamla, 2007; Belal and Momin, 2009).

- Identify the appropriateness of some of previous studies categories to the study context. Also, in terms of institutions, GRI (2008; 2010) issued a categories list of social aspects in financial institutions; therefore, it is suitable to consider them.

5.5.1 Disclosure Categories in This Research

In terms of form, the researcher adopted what is commonly known as the index technique that was adopted by several researchers (Marston and Shrives, 1991; De-Best, 2000; Hassan and Marston, 2010). In general, methods such as content analysis/disclosure index in social accounting literature focused on several categories regarding social accounting information. These include: the environment; employees; products and customers; community and other. For Gray et al. (1995b, p.81) 'the "other" category may also succeed in capturing any "new" meanings of CSR as they emerge'. Besides, it should be noted that it is necessary to some extent to add sub-categories into each single category (Gray et al., 1995b). However, for the purpose of this research, the final categories were determined after testing the pilot sample.

From the discussion of social accounting construct in chapters two and three; social accounting goes beyond financial accountability to shareholders (one bottom line). Hence, entities should be accountable to a wide range of stakeholders, including society (triple bottom line).



[53] These listed categories rely mainly on the Libyan context and GRI (2008; 2010) after adding the FSSS criteria, and characteristics related to the banking sector.

Adopting a triple bottom line approach reflects ‘emancipatory’ social accounting that is concerned with going beyond ‘repressive’ social accounting (the narrow conventional accounting). The researcher considers the Financial Services Sector Supplement (FSSS), which is provided by GRI (2010) as a basis[54]. Fig. 5.1 shows the six categories used in this study, which are: Community, Employees, Costumers, Economy, Environment and Other. For Khan et al. (2009, p.345), as social accounting “is tied with the ‘‘triple-bottom-line’’, information in annual reports should cover financial information, employees and community issues, as well as the environmental dimension.

5.6 Reliability and Validity Issues

For Neuendorf (2002), reliability should be applied when using the content analysis/disclosure index method to confer upon it meaning and credibility. Krippendorff (2004) reported that reliability contains three elements: reproducibility, stability and accuracy. For Hassan and Marston (2010 p.25), there are three common forms of reliability and another three for validity; those for reliability include "test-retest, inter-coder reliability, and internal consistency… [while validity include]... criterion validity, content validity and construct validity". Reliability means that the investigation result will not change even with repeated trials by different researchers (Reproducibility). "Since the scores are extracted from printed annual reports which remain constant over time there is no obstacle to repetition" (Marston and Shrives, 1991 p.197; see Prihatiningtyas 2011 p.22). Besides, the results of analysis should be stable over time, (Stability) (Neuendorf, 2002; Krippendorff, 2004). For Krippendorff, (2004, p.211), the “research procedure is reliable when it responds to the same phenomena in the same way regardless of the circumstances of its implementation”. In general, reliability is related to the credibility of

[54] The FSSS considers social accounting in financial sector including banks.

measurement, in the sense of impartiality in measuring. While, validity means that the data under analysis is the same data, which a researcher aims to investigate/verify. So, for Macnamara (2006, p.13), validity of research can be simply achieved by "careful selection of the sample of media content to be analysed". In terms of the validity of a disclosure index, "the index can be considered to be valid if it expresses what the researcher intended" (Omar and Simon, 2011 p.177). It could be mentioned that most researchers in social accounting used reliability measurement, but these researchers adopted coding to conduct research and count the content, and for Hassan and Marston (2010), this is sometimes not relevant to manual analysis (see: Milne and Adler, 1999; Beatttie and Thomson, 2007; Hassan and Marston, 2010). Other researches that were mainly concerned with analysing and interpreting the content rather than coding or counting it, usually do not stress reliability. Reliability measurement in research is used to confirm the coded data, and establish that data collected can be trusted. It may be argued that, in general, "Qualitative methods will never achieve perfect reliability, nor should they be expected to if valid studies of the real world are to be produced" (O'Dwyer, 1999, p.212). However, according to Milne and Adler (1999) few studies in social accounting responsibility have committed themselves to reliability measurement. Moreover, researches adopting critical or interpretive approaches seem to pay less attention to the reliability test (Unerman, 1998, as cited in O' Dwyer, 1999).

5.6.1 The Researcher's Steps Regarding Reliability and Validity

The researcher endeavoured to ensure the reliability and validity of the research through the following steps, including: (1) conducting a pilot study, as is strongly recommended (Gray et al., 1995b). According to Milne and Adler (1999), the pilot study could be seen as an essential stage before deciding on the actual categories. In this work, the pilot study was conducted to familiarise the researcher with banks' activities and the collected data, in terms of categories and understanding the content context before starting the process of content analysis (Wolfe, 1991). Therefore, five annual reports were analysed and retransferred into checklist categories, as a pilot sample. Thus, the pilot study was conducted before starting any actual analysis for the following purposes: (a) in order to establish the suitability of the checklist selection, and to confirm reliability of the research; (b) to ensure the selected categories are appropriate to the content of annual reports; (c) to remove any ambiguities and translation problems that could exist in the category. (2) For Stability, the researcher decided to expand the circle of information to include four years of annual reports for key banks, and one annual report for the rest of the population (for reasons that will be explained later in this chapter). (3) The initial instrument categories/classification was changed to fit the LCBs' context. As the initial one was mainly focused on literature, and the researcher's perspective. The pilot study inspired the researcher to consider the Libyan banks context. (4) Moreover, the researcher consulted supervisors, other staff and students in order to make sure he avoided any possible errors. The possible errors that could include: ambiguities, misunderstanding or biases during the translation, where there are some sentences that might have more than one meaning. However, even with consultation and careful selection, the instrument reflects the researcher's reading of the LCBs annual report.

5.7 Population and Sample (Justification and Difficulties)

As was previously mentioned, the research focus is on the Libyan commercial banking sector. For the purpose of data collection and sample, the researcher relied on the data published by CBL and other banks on 30/12/2009 (CBL, 2009). The researcher aimed to collect four annual reports from each commercial bank for 2005 – 2008. However, it was impossible to do so, as a result of some difficulties in collection. Some annual reports could be obtained easily from some banks, as hard copy or via the bank's website (e.g.

Gumhouria Bank and Commerce & Development Bank). However, the researcher faced difficulties when he attempted to obtain four annual reports from other banks for many reasons, including: some banks have recently been established, thus some of them did not issue annual reports and do not have a website (e.g. Commercial Arab Bank, First Gulf Libyan Bank). While others had issued only one annual report at the time of the research (e.g. Alejmaa Alarabi Bank, 2006). Alejmaa Alarabi Bank attributed the delayed reports to the late audit process, where the 2007 report was still subject to review. Aman Bank said that the 2007 report was under the editing process and needed time to publish. However for different reasons, it was difficult to obtain four annual report from the National Banking Corporation, Waha Bank, Aman Bank, Alejmaa Alarabi Bank, Mediterranean Bank, Alsaraya Bank and United Banking. Added to this, the change in the laws and regulations on banks, and the merger of some banks[55], led to the emergence of banks and new entities on the ruins of the former. Therefore, obtaining only one annual report from some banks, does not necessarily indicate a lack of access to the reports, as far as recent indications that the banks were restructuring in their sector.

It should also be mentioned that the key Libyan commercial banks, which represent more than 90% of LCBs in terms of assets, income and deposits are fully represented with four annual reports. Therefore, the researcher decided to work in two directions. First: selecting the largest and most important banks as a representative sample (key LCBs) from the population, and selecting four annual reports from each bank for the period 2005 - 2008. Second: obtaining one most recent annual report from the remaining commercial banks, and therefore representing the whole population. The main reasons for choosing four annual reports is that this period witnessed reforms, and represents a period of transition in

[55] The CBL decided in 2006 to merge a group of national banks into the National Banking Corporation.

terms of ownership structure and LCB laws and regulations. Moreover, choosing four years avoids the possibility of losing some information, if only one annual report is considered. Table 5.1 shows that there are 15 commercial banks in Libya in total. To choose the representative sample, the banks were divided into three groups depending on ownership structure: government-owned banks, banks owned by the private sector, and banks owned by both sectors. The sample that was chosen was from these three groups, and includes the largest banks, especially in terms of the spread of their branches in Libya and oldest established banks.[56]

From the table, this sample represents more than 90% of the population in terms of assets, income and deposits (see chapter four for more details). In other words, the rest of the banks outside the sample represent less than 10% of the population in terms of assets, income and deposits (this does not mean ignoring the rest of population). Prior social accounting research confirmed the existence of a relationship between the entity's size and the level of social accounting disclosure (Andrew et. al., 1989; Patten, 1991; Deegan and Gordon, 1996; Tilt, 1997; O'Dwyer, 1999; Adams and Harte, 1998; Naser et al., 2006). Thus, the sample selected includes five banks, which are Gumhouria Bank, National Commercial Bank, Commerce & Development Bank, Sahara Bank and Wahda Bank. The research also considers the other LCBs, in that the research selects one available annual report from each, as table 5.3 shows.

[56] As noted from table 5.1, there are some banks with only one or two branches.

Table 5.1 These Libyan commercial banks data/figures until the end of the third quarter of 2009. (1.00 $ = 1.22 D.L)

N	P T	Bank	Income			Assets			Deposits			Branches & Agencies		
			Million D.L	%	%	Million D.L	%	%	Million D.L	%	%	N	%	%
1	State-owned	Gumhouria Bank	323.4	31%	50.4%	22482.5	38.6%	59.6%	18860.3	39.2%	58.4%	**150**	**33.04%**	**56%**
2		National Commercial Bank	171.1	16.6%		10276.9	17.6%		8088.0	16.8%		**51**	**11.33%**	
3		National Banking Corporation	14.4	1.4%		1376.8	2.4%		778.6	1.6%		**50**	**11.19%**	
4		Waha Bank	14.3	1.4%		585.4	1.0%		390.6	0.8%		**2**	**0.44%**	
5	Private-owned	Commerce & Development Bank	51.1	5%	9.3%	2137.4	3.7%	6.1%	1833.7	3.8%	6%	**30**	**6.7%**	**15.4%**
6		Aman Bank	16.7	1.6%		632.6	1.1%		531.4	1.1%		**13**	**2.9%**	
7		Alejmaa Alarabi Bank	12.4	1.2%		333.7	0.6%		232.3	0.5%		**13**	**2.9%**	
8		Mediterranean Bank	4.1	0.4%		100.4	0.2%		68.2	0.1%		**2**	**0.44%**	
9		Alsaraya Bank	2.5	0.2%		89.7	0.2%		55.9	0.1%		**2**	**0.44%**	
10		United Banking	5.3	0.5%		219.3	0.4%		176.4	0.4%		**10**	**2.2%**	
11	State and Private – owned	Commercial Arab Bank	2.5	0.2%	40.3%	102.5	0.2%	34.3%	78.4	0.2%	35.6%	**1**	**0.22%**	**28.6%**
12		Sahara Bank	218	21.1%		11254.1	19.3%		9853.1	20.5%		53	11.67%	
13		Wahda Bank	187.4	18.2%		8004.3	13.7%		6828.5	14.2%		74	16.5%	
14		First Gulf Libyan Bank	6.4	0.6%		460.1	0.8%		194.3	0.4%		1	0.22%	
15		Al-Wafa Bank	2.4	0.2%		193.3	0.3%		142.9	0.3%		2	0.44%	
		Total	**1032.0**	**100%**	**100%**	**58249.0**	**100%**	**100%**	**48112.6**	**100%**	**100%**	**454**	**100%**	**100%**

Source: The information is derived from data published by the Central Bank of Libya (2009), and on banks' websites as of 31/12/2009.

5.8 Empirical Analysis of Annual Reports[57]

The content of available annual reports has been analysed and transferred into suitable sub-categories. The researcher's target was 30 annual reports. However, only 27 annual reports were available (see table 5.2), so the available proportion is 90% of the target sample. The number of banks targeted was 15 (all population), but only 12 banks were available to the researcher (80% of the population), as shown in table 5.2. The three banks that were unavailable were Commercial Arab bank, Wafa Bank and First Gulf Libyan Bank.

	Libyan commercial banking sector	Annual reports
Target	15 (all population)	30
Available	12	27
Percentage	80%	90%

Table 5.2 Available Annual Reports

As mentioned, the researcher tried to obtain all the targeted reports. Table 5.3 shows the final number of available annual reports along with some of their characteristics, namely the entity's ownership, language and years available. From table 5.3, it can be seen that most of the annual reports were published in the Arabic language only, while some were available in both Arabic and English. In table 5.3, the ownership classification is based on the year 2008 as since the State began its privatisation programme several years ago, the ownership structure has changed from year to year (see chapter four). By the end of 2010, no bank was owned 100% by the State.

[57] Appendix 1 provide a list of decision rules/choices for categories of disclosure

N	Ownership Structure	Bank	Language of report	Years of Reports
1	State-owned 100% CBL	Gumhouria Bank	Arabic	2005
			Arabic	2006
			Arabic	2007
			Arabic	2008
2	Privately-owned 100% private	Commerce & Development Bank	Arabic/English	2005
			Arabic/English	2006
			Arabic/English	2007
			Arabic/English	2008
3	**State & Private**ly-**owned: 2005** & **2006** 58% government institution and 42% private sector. (**2007** & **2008** 39% government institution, 42% private sector, and 19% foreign bank)	Sahara Bank	Arabic	2005
			Arabic	2006
			English	2007
			English	2008
4	**State & Private**ly-**owned: 2005** & **2006** 87% CBL- (**2007** 73% Government institution, 14% CBL, 13% Private) – (**2008** 54% Government institution,19% foreign bank 27% Private)	Wahda Bank	Arabic	2005
			Arabic	2006
			Arabic	2007
			Arabic	2008
5	State-owned 100% CBL	National Commercial Bank	Arabic	2005
			Arabic	2006
			Arabic	2007
			Arabic	2008
6	State-owned	National Banking Corporation	Arabic	2007
7	State & Privately-owned	Waha Bank	Arabic	2008
8	Privately-owned	Aman Bank	Arabic	2006
9	Privately-owned	Alejmaa Alarabi Bank	Arabic	2006
10	Privately-owned	Mediterranean Bank	Arabic	2007
11	Privately-owned	Alsaraya Bank	Arabic	2007
12	Privately-owned	United Banking	Arabic/English	2008
13	State & Privately-owned	Commercial Arab Bank	N/A	Non
14	State & Privately-owned	First Gulf Libyan Bank	N/A	Non
15	State & Privately-owned	Al-Wafa Bank	N/A	Non

Table 5.3 The Form of Annual Reports

After analysis of the content of annual reports of LCBs, the average percentage of annual reports and the average number of banks disclosing in each category is shown in table 5.4. The percentage mentioned represents the existence of social disclosure; the quality and type of disclosure in terms of whether it is radical or counter-radical social accounting will be illuminated throughout the analysis of the content.

N	Dimension/ categories	The Percentage of Category Presence	
		The average number of disclosing banks in each category	The average percentage of annual reports disclosing in each category.
1	Community	2.6	25%
2	Employees	5.6	45%
3	Customers	3.4	26%
4	Economy	7.6	68%
5	Environment	0	0%
6	Other	7.8	55%

Table 5.4 The Percentage of Each Category the Sample of Annual Reports Reflected

5.8.1 First Category: Community

According to Prior and Argandona (2009, p.263): "Financial institutions must acknowledge their function in the society and their social responsibility". Banks should disclose how they are interacting with and impacting upon society. Such disclosure could include an explanation about their social role within their own communities. This category is particularly important in the Libyan context, where socialism has been an integral part of the society for a long period of time. The ideology of socialism is based on all institutions in the State having to work with the public interest as a priority. The most important factor in this respect are community initiatives, which are of interest to the Libyan context. Therefore, previous studies and standards can be seen as guidance only, rather than the basis of the research[58].

This research found that only an average of 2.6 of the banks (25% of annual reports) reported information under the community category with more attention being directed towards contribution to social wealth and the bank's role in serving the national economy. Just 5 of the 12 banks (62% of the annual reports) made this disclosure. In addition, little attention was paid to their contributions to community engagement. The results also showed that there is no attention paid to issues related to procedures for local hiring. Some disclosures were a narrative, while others focused on quantitative/monetary disclosure. Whether the disclosure was narrative or quantitative, it was always positive. As table 5.5 shows, most community issues did not receive much attention in banks' annual reports.

[58] Gray (1995b) classified some sub-categories under a community involvement category: community activities, health and related activities, education and the arts and other community activity disclosures. Kamla, (2007) reported some detailed information in the community developments category, including national and international community development, donations, charity disclosure. Pratten and Mashat, (2009) divided the community category into two main sub-categories: charity and community. Further, the GRI includes society performance indicators with groups of sub-categories, including one for financial institutions.

Sub-categories	Code of bank	Gumhouria Bank				Commerce & Development Bank				Sahara Bank				Wahda Bank				National Comercial Bank				NBC Bank	Waha Bank	Aman Bank	Aleejmaa Bank	Mediterranean Bank	Alsaraya Bank	United Bank	Number of Banks	Number of Annual Reports	Percentage of Annual Reports
	Year of report	2005	2006	2007	2008	2005	2006	2007	2008	2005	2006	2007	2008	2005	2006	2007	2008	2005	2006	2007	2008	2007	2008	2006	2006	2007	2007	2008			
	Pages of report	22	15	18	40	40	40	38	44	34	36	29	30	50	55	55	54	44	43	46	28	21	10	18	33	31	25	20			
	Details of sub-category																														
1.1 Initiatives Towards Community	Contributing to community events		/				/	/																				/	3	4	14%
	Access points in low-population or disadvantaged areas.	/			/					/	/	/	/	/		/	/	/	/	/	/								4	13	48%
1.2 Community investment	Supporting local activities and contributing to the well-being of society, include community partnership and investment	/	/		/		/	/		/	/	/	/	/	/	/	/	/	/	/	/								5	17	62%
	Procedures for local hiring																												0	0	0%
1.3 Community's Engagement	Collaboration with institutions	/																											1	1	3%

Table 5.5: Results of Details of Sub-categories under Community Category

5.8.1.1 Initiatives towards the Community

- **Contributing to community events**

Most banks do not mention how they communicate with the surrounding community. Only three banks (14% of annual reports) reported under this category. One of those banks is United Banking, which gave quantitative information regarding its contribution to social activities. The bank disclosed "National Ceremonies and Social Activities Expenses" in its expenditure analysis (United Banking, 2008, p.17). Furthermore, Commerce & Development Bank (BCD) briefly reported in a qualitative 'good news' manner:

> "Your leading Bank took part in several social, cultural and economic activities in line with its conviction of its socioeconomic role within its working environment. The Bank participated in a number of gatherings, seminars and conferences. It also sponsored social and communal activities that earned it appreciation which resulted in increased marketing of services and reinforced the Bank's stature and reliability among clientele enhancing demand on the differentiated services it provides" (BCD, 2007 p.10).

Social programmes such as religious festivals and social activities in the neighbourhoods are a prominent feature in the Libyan context. Social programmes do not usually receive any government support but are largely dependent on the contribution of individuals and companies in the region. Thus the contribution of banks to such events will have a significant effect on society and could be seen as radical social accounting and part of a bank's social responsibility[59].

- **Access points to low-populated or economically disadvantaged areas**

Only four banks (48% of annual reports) reported on their branches and agencies in low-population or economically disadvantaged areas. In general, most banks did report on openings of new branches and agencies. Some of them attributed the cause of opening new branches to extending their operations, while others did not provide any detailed information about the reasons. No banks reported any more about their operations in low-

[59] Such contributions sometimes require the approval of the General Assembly. In the case of the public banks this means the approval of the Central Bank, and in the case of the private banks it means the approval of shareholders. This might be one reason behind the banks' reluctance to contribute.

population or economically disadvantaged areas. Such services are important in the Libyan context, where some people live far from urban areas; but it remains important for them to have access to banking services. This is especially true because basic banking services, such as cash machines for withdrawing money or using cards for shopping, are still not widespread in Libya, even in the major cities[60]. The disclosure that is being made in this area comes from banks that are owned wholly or partly by the government/CBL. Opening these branches was part of the State's policy on the implementation of social agenda away from profit purposes[61]; therefore, such disclosure could be seen as having emancipatory potential. On the other hand, the silence of other LCBs in this issue and a lack of evidence through disclosure that they are addressing the issue could be considered a dimension of counter-radical social accounting.

5.8.1.2 Community Investment

Community investment disclosure includes disclosure of contributions to social wealth and procedures for local hiring, forming community partnerships and investment of funds in the broader community. Disclosure on such dimensions presents the possibility of more radical social accounting.

- **Supporting local activities and contributing to the well-being of society including community partnership and investment**

According to Gallhofer and Haslam (1993 p.326), "Accountability appears equivalent to the ability to render accounts conducive to well-being". Social accounting and its conceptions that were discussed earlier in chapter three ostensibly reflect organisations'

[60] Unlike in other countries, in Libya financial dealing between people and for shopping is done only by cash. For example, in Britain and other Western countries, one can get loans and cash from the post-office or other available institutions. One can also obtain cash from cash machines deployed in the streets. Moreover people do not need to hold cash to do shopping in commercial centres and most of the shops. In contrast, in Libya financial services can be obtained exclusively through banks. Thus, this makes the presence of bank branches in remote areas vital for the community.

[61] Such responsibility has been highlighted by a number of international institutions as being key to banks' operations (Decker, 2004; GRI, 2008).

role to create social justice, protect the environment and increase social wealth (Gray, 1992; Gallhofer and Haslam, 1993; 2003; Gray et al, 1996; Gray, 2000; Justice, 2002; Adams, 2004; Crowther and Martinez 2004; Ball and Seal, 2005; Ebner and Baumgartner, 2006; Richardson, 2009; Finn, 2009). The banking sector potentially plays a critical role in sustainable development in society through considering social and environmental factors and contributing to social welfare (Moyo and Rohan, 2006; Achua 2008; HSBC, 2009). Moreover, besides the State, banks are seen as the most important sectors in the country to support and fund development and infrastructure projects.

The role of LCBs in contributing to the well-being of society could be done by them offering services of credit and letters of guarantee. Also, banks could make a contribution to projects and companies that operate in the public interest. Social wealth could also be achieved through community partnerships and investment, which would indicate LCBs' efforts to transfer services, industries and capital to underserved communities. This also includes infrastructure investment, including transport links, utilities, community social facilities, sports centres, health and welfare centres (GRI, 2008).[62] Disclosure and evidence of the existence of such activities in LCBs could be considered as showing the potential for an emancipatory social accounting as such social activities would reflect the intent to change society for the better (Gallhofer and Haslam, 2003)[63].

In Libya according to the sample, five banks (62% of annual reports) disclosed information regarding their contribution to the society. Such contributions were focused on serving the national economy and policies for agreeing to grant credit facilities in various areas.

[62] According to Prior and Argandona (2009), in the real world banks, mainly focus on corporate lending and do not pay much attention to investing in infrastructure due to the low return on such projects. Rodríguez and Santiso (2007, p.10) take another view: "Private banks have also become involved in infrastructure projects, and increasingly often sealing partnerships with the public sector in many countries" (see Chan-Fishel, 2007; Amaeshi et al., 2006; Visser, 2008; Utama, 2009).
[63] Radebaugh and Gray (2002, p.119) reported the social accounting and its terms reflect "accountability to society as a whole with respect to matters of public interest such as community welfare, public safety".

Mediterranean Bank (2007, p.6) narrated their story regarding how they are serving the community:

> "Granting facilities like overdraft to fund the different economic activities, this increase of 54% comparing with last year. Also the commercial loans have increased by 133%, which spread these facilities on different economic sectors, individuals, participatory and companies ".

National Commercial Bank (2007, p.3) reported:

> "The National Commercial Bank plays a leading role in supporting and activating the economic activity as well as providing different banking services in different areas. Where the bank had granted credit facilities and social and housing loans for various segments of society"

Sahara Bank (2007, p.3) disclosed the following:

> "Whereas actually it has been initiated in studying and financing a number of special projects for hotels, hospitals and industries accompanying the executed programs

Sahara Bank (2006, p.24) also disclosed:

> The bank has continued to contribute in many companies, which would increase the national economy....the Bank contribution in Saving and Real-Estate Investment Bank, which providing services to citizens without the prospect of any returns".

All banks that were owned wholly or partly by the State (Gumhouria Bank, Sahara Bank, Wahda Bank and National Commercial Bank) have shares in the Savings and Real-Estate Investment Bank that provides mortgages to people without the prospect of achieving any returns. This disclosure could be deemed as showing the emancipatory potential of social accounting, as the banks appear accountable to the needs of society as a priority issue[64]. On the other hand, the silence of other LCBs on this issue and a lack of evidence through disclosure that they are addressing the issue, could be considered a dimension of a counter radical social accounting. There are also other issues that were not disclosed in banks' annual reports. These issues include the bank's contributions to managing programmes to

[64] Libyan banks, where investing in non-profitable activities, do contribute to Libyan well-being. This does not imply that banks should only invest in non-profitable activities. Prescriptively, an imperfect context, the operating of a mutually – reinforcing nexus of regulatory practices can engender better activity consistent overall with a more appropriate/constrained profit-making rather than its elimination (Gallhofer and Haslam, 2007) (see chapters six and seven).

address the priority needs of the community and promoting volunteerism (voluntary work). Also, issues that were not disclosed include the creation of job opportunities, which helps reduce unemployment. The ambiguity of disclosure here can be attributed to the fact that most social activities are the result of government directives directly to the banks. Buzied (1998) reported that most Libyan firms and banks have been owned by the government, and their ostensible general aim is to achieve social well-being/wealth; at least that was their declared slogan.[65]

One can argue that contributions to social welfare/well-being should become a policy and that there should be a strategy to describe such contributions. Banks have described their role in serving society, which is a positive point, but the activities that are mentioned, such as providing different banking services and agreeing to grant credit facilities, could also be interpreted as being for profitability. So the disclosure here has both mainstream Western social accounting tendency and emancipatory social accounting. However, one cannot place complete blame for failing to invest in public and low-profit projects on the banks alone. Banks in Libya are struggling to survive, so investment in major and unprofitable projects could have led to severe economic consequences. The reluctance of banks to make investments in what are considered low return or high risk projects, although they may represent an urgent need for society, increases the role of the government in making such projects attractive for banks, such as encouraging banks to finance such projects in return for incentives and guarantees from the State. In Libya, such investments depended mainly

[65] "The legitimate purpose for private economic activities is only to satisfy one's needs ... No one has the right to undertake an economic activity whereby wealth exceeding the satisfaction of one's needs can be amassed... If economic activity is allowed to extend beyond the satisfaction of needs, some will acquire more than required for their needs while others will be deprived" (Qudafi, 1976, p.57-58). However, the contents of the Green Book were not necessarily adhered to in practice. Political and economic corruption and the absence of freedoms were the dominant features in Libyan life, thus affecting the banks' contexts; this is discussed later.

on the State's support, sometimes supported by banks as a result of direct government directives[66].

- **Procedures for local hiring**

No bank disclosed information regarding procedures for local hiring. Local hiring in banking is considered to be important as staff and senior management who come from the local area are more aware of the needs of the community and make the bank more interactive with its surrounding community (GRI, 2008). Moreover, the residential structure in the Middle Eastern including Libya [67] is 'predominantly tribal' (Issawi, 1956, p.36).[68] Therefore, managing the banks locally is significant in the context of Libya.

In Libya, the government promotes that local efficiencies within each region have to be considered. GRI (2008) encourages disclosure about procedures for local hiring and community partnerships, including the disclosure of the proportion of senior management hired from the local community. From the sample of annual reports, none of the twelve banks disclosed any information in this regard.

5.8.1.3 Community Engagement

Social accounting should be integral to banks' engagement with the surrounding society, and must reflect the opinions of a wide variety of people/groups. Hence, community engagement relates to the extent banks interact with society about different issues (GRI, 2002; Jacobs, 2005). Engagement here includes that with groups of society, such as

[66] With or without banks' contribution, the role of government outside the entities' framework has been indispensable, especially in areas related to infrastructure that cannot be fully covered by business organisations alone (Bulut and Yumrukay, 2009). In Libya, there are State-owned banks specializing in this area, such as the Bank of Development. Also, the central bank sometimes instructs public banks to fund some projects on the basis of government guarantees.

[67] According to Issawi, (1956, p.28) the Middle East is 'the territory bounded by and including Libya in the west, Sudan in the south, Turkey in the north, and Pakistan in the east'

[68] With the exception of civilised cities such as Tripoli, Benghazi and Misurata most of the other regions in Libya have a tribal structure, and the regional and tribal affiliations play a key role as a result of loyalty that people feel towards them.

institutions, popular conferences, focus groups, community panels, corporate advisory panels, management/union structures and NGOs. The only evidence of community engagement came from Gumhoria Bank. The annual report stated:

> "The Bank studies requests from some communities regarding the possibility of opening new branches in their remote areas" (Gumhoria, 2005, p.19).

Gumhoria Bank did not provide further details on how it engages with its communities and whether engagement is considered a priority. The low level of disclosure on community engagement could be due to the absence of civil society organisations and the lack of freedom. Even in a society with a socialist ideology that promotes community engagement, the absence of a clear mechanism to do so hinders significant practical progress.

The analysis indicates that banks do not pay sufficient attention to discharge accountability towards the community. In the Libyan context, the regime claims that the community has the right to dictate the policy on local organisations and to supervise its execution. The lack of community disclosure by Libyan banks did not, therefore, fall short only of GRI requirements (mainstream Western social accounting), but also of Libyan expectations. The level of community disclosure did not match the regime's commitments and its theories regarding considering society as priority. In the absence of much in terms of freedom, political parties, free media and civil society organisations, there was no guarantee it would implement its socialist slogans vis-à-vis society or interested parties.

The analysis yields a number of insights. In terms of the different aspects, 62% of the annual reports referred to investments in unprofitable projects and contribution to social wealth and 48% to opening branches in remote areas. This is a type of disclosure not previously recorded in studies into banks' social reporting in Western or other capitalistic contexts (see Zeghal and Ahmed, 1990; Tsang, 1998; Douglas et al., 2004; Coupland, 2006; Branco and Rodrigues, 2006). Such a disclosure appears to reflect the dominance of the State over LCBs, since most of the investment is directed by the State rather than by banks. If enhanced, these somewhat unique types of disclosure could represent aspects of radical social accounting. It remains to be seen, however, how increased privatisation will impact on the willingness of LCBs to continue providing these activities/disclosures.

5.8.2 Second Category: Employees

In the employees' category, the highest level of disclosure is in the benefits and training programmes sub-category, while the lowest level of disclosure is in the health and safety sub-category. Furthermore, employees’ engagement and human rights also have low levels of disclosure, with just one bank reporting about each of these. Some of the disclosures made under the employees’ category follows the mainstream Western social accounting which attributes social initiatives to the business’s needs, meaning factors that might help the banks to achieve greater profits receive more attention. Other disclosures indicate the potential for a more emancipatory/radical social accounting, such as employees’ health insurance and bonuses awarded to employees. While most of time disclosure came in monetary terms as a part of the conventional accounting to comply with legal requirements, ‘good news’ was the most dominant form. There was, however, some evidence of ‘negative/bad news’ related to employees' skills; e.g., the shortage of skilled employees in the Libyan Banking Sector emerged as one of the biggest challenges facing banks in Libya today. Table 5.6 shows the percentage of disclosure under each sub-category.

Sub-categories	Code of bank	Gumhouria Bank				Commerce & Development Bank				Sahara Bank				Wahda Bank				National Comercial Bank				NBC Bank	Waha Bank	Aman Bank	Aleejmaa Bank	Mediterranean Bank	Alsaraya Bank	United Bank	Number of Banks	Number of Annual Reports	Percentage of Annual Reports
	Year of report	2005	2006	2007	2008	2005	2006	2007	2008	2005	2006	2007	2008	2005	2006	2007	2008	2005	2006	2007	2008	2007	2008	2006	2006	2007	2007	2008			
	Pages of report	22	15	18	40	40	40	38	44	34	36	29	30	50	55	55	54	44	43	46	28	21	10	18	33	31	25	20			
	Details of sub-category																														
2.1 Employees benefits and payments	Payments and benefits	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	12	27	100%
	Thanks to employees			/			/		/		/	/	/	/	/	/	/	/	/	/	/	/			/	/	/	/	10	19	70%
2.2 Health/ safety	Policies in place on health, as well as policies and practices regarding threats and violence.																												0	0	0%
2.3 Training	Types of training programme in terms of financial services development or education	/		/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/		/		/	/			8	22	81%
2.4 Human Rights	Employment and advancement of women					/	/	/	/													/			/				3	6	22%
	Equal opportunities: racial and sexual equality, employment of disabled persons, including retraining																										/		1	1	3%
	Statutory disclosure of directors' emoluments.				/		/	/	/	/	/	/	/	/	/	/	/	/	/	/	/		/		/	/	/	/	10	21	77%
2.5 Employees' Engagement	Covers topics such as: counselling, internal employee surveys, regular meetings and annual performance reviews							/																					1	1	3%

Table 5.6: Results of Details of Subcategories under Employees' Category

5.8.2.1 Employees' Benefits and Payments

- **Different Payments and Benefits**

In the Libyan context, during the eighties and nineties, payment of salaries for employees at State-owned companies and institutions were regularly delayed[69]. For this reason, people in Libya consider payment of salaries on time a priority. All banks reported on employees' benefits and payments. Aman Bank and Mediterranean Bank reported these benefits in quantitative/monetary terms – meaning the items were on their financial statements. Others gave more detailed narrative information about payments and benefits. The benefit and payment disclosures by the Libyan banks included financial incentives systems; medical payments for employees; insurance payments; social and housing loans for employees; annual leave provisions; and contributions made to employees' social events. In addition, some banks reported bonuses to employees of '7% to 10%' of the income at the end of a fiscal year (Wahda Bank, 2005, 2006, 2007; Sahara Bank, 2005, 2006; Gumhouria Bank, 2005, 2006, 2007, 2008; National Commercial Bank, 2005, 2006, 2007, 2008)[70].

Some banks gave more details regarding employees' benefits, such as:

> "The Board of Directors issued a resolution to increase the salaries of clerical and non-clerical employees by 60% making the Band of Commerce and Development salaries among the highest in the Libyan Banking Sector…The Board of directors also agreed to grant car loans within (12,000.000 LYD), and (5) years repayment period. It also agreed to grant housing loans within (100,000.000 LYD) for purchase or maintenance according to the following terms:1.(40,000.000 LYD) interest free. 2.(60,000.000 LYD) at interest 1% less than interest collected from customers. In granting these loans; a loan shall be repaid before the employee reaches retirement age, consideration of net salary in addition to other terms…Bank has renewed life insurance policies, covering all employees, clerical and otherwise, with a comprehensive coverage for life and against accidents and disaster, with a savings feature to be paid to the employee at the end of service, whether he/she resigned, retired or opted out of the insurance policy" (BCD, 2008, p.33).

Gumhouria Bank, Commerce & Development Bank and Wahda Bank provided more details regarding employees, such as the numbers of clerical and non-clerical staff, employees' annual leave provisions, and the employee turnover as well as the reasons for

[69] The payments of salaries were the only sources of income for the majority of workers because the public sector was dominant in Libya.

[70] Banks owned by the CBL distributed a proportion from their income to employees,. Private banks did not.

that turnover. Other disclosures included the average number of employees in branches and agencies, payments made to employees including employee clothing, benefits and any other payments made on behalf of employees. Again, many items disclosed under this sub-category reflect a form of disclosures with emancipatory potential, such as employee health insurance and bonuses awarded to employees.

- **Thanks to employees**

Exchanging greetings of peace and thanks are a characteristic of Libyan society. It is also in compliance with Islamic teachings. Prophet Mohamed said "Those who do not thank people, they do not thank Allah". Thanks to employees show that the efforts of employees are appreciated. In the sample of annual reports 10 banks (70% of annual reports) are recorded as thanking the employees. In many cases, thanks were expanded to include other groups, as is the case in the Sahara Bank Chairman's statement:

> "I would like to thank and acknowledge all who have contributed in what the bank reached to, of very serious results, namely all the employees ... I would like to thank the administration of Central Bank of Libya, on the top of it the Bank Governor... I would like to thank all persons who contributed by their continuous support, particularly BNP PARIBAS Group" (Sahara Bank, 2007, p.6).

Similarly, the National Banking Corporation (2007, p.8) in its Chairman's report offers:

> "Thanks to all Employees, the CBL and the Central bank governor and his deputy".

In the employees category, thanks to employees represents the fourth highest level of disclosure. These thanks have been considered in other studies of disclosure in the Arab world, such as Kamla's (2007) study in which they were found to be the second highest level of disclosure in the employees category, and in Gray et al.'s (1995b) research, in which thanks to employees was considered in the categories of social disclosure.

5.8.2.2 Health and Safety

In the banking sector, employees deal with a wide range of people and customers; therefore they must be aware of the potential risks in the environment in which they work, as well as the means of prevention and protection against such risks. Among these risks, for example, are risks related to dealing with customers. Such dealings might expose employees to threats and violence, such as attacks and aggression from customers or others (verbal or physical threats), bank robberies, money laundering and terrorism (GRI, 2008).

Accordingly, banks have to ensure that the workplace of banks is safe for employees by identifying what could cause employees harm in terms of their products or equipment and taking steps to rectify this. Banks should also declare information on potential dangers, such as fire risks, which entails providing fire hazards in advance and giving information regarding adequate escape routes (HSBC, 2006). Declaring policies for health and safety, as well as protecting employees in the event of danger, give employees more confidence that they are working in a protective and safe environment. With the exception of medical and insurance payments for employees, which are covered by payments on behalf of employees in the previous section, none of the banks mentioned, either directly or indirectly, any information related to their health and safety policies. The low level of disclosure in the health and safety sub-category is also reported in Kamla's (2007) findings for Arab financial and service sectors with only 9% of her sample mentioning this topic. The absence of disclosure here might indicate the dominance of both conventional accounting and mainstream Western social accounting as conventional accounting regulations do not ask for such disclosure from financial corporations. Furthermore, mainstream Western social accounting refers to the link between the disclosure and business organisations' interests, and it seems there is no link here, so the level of disclosure was low.

5.8.2.3 Training Programmes

Eight banks (81% of the annual reports) made reference to their training programmes. Some of the banks (namely the Mediterranean Bank, Waha Bank and Aman Bank) mentioned training costs or expenses in their financial statements, making monetary disclosure as part of their commitment to providing financial statements. Other banks gave more detailed narrative information regarding their training programmes, such as BCD (2008, p.34):

> "Emphasis was placed on local training due to its lower cost, and benefiting a larger number of Bank employees by holding these courses in the Bank's Training Centers in both Benghazi and Tripoli. During 2008, (283) employees participated in local courses, compared with (165) in 2007, a rate of increase of (72%).... the training centers in both Benghazi and Tripoli had executed (32) training courses during 2008 in collaboration with specialist training institutions, most important are The Libyan Banks Society and the Arab Academy of Financial and Banking Sciences".

Some banks consider the training programme as one of the most important elements in developing the bank's activity; for instance Sahara Bank (2008, pp.5-6) reported:

> "There is no doubt that there are several factors contributed to the success of the bank in the light of the development witnessed in terms of infrastructure and training of the bank's existing staff to cope with the world around us…540 Employees have been trained (an average of two training courses for each employee)"

In terms of considering social and environmental issues as part of the training programme for employees, no bank gives any information in this regard. This shows that the disclosure focused on training programmes that contribute to the enhancement of banking operations and development of new banking products (counter-radical social accounting).

In the literature it is rare to find a social accounting study that does not address employees' training programmes (for examples see Mangos and Lewis, 1995; Gray et al, 1995b; Hackston and Milne, 1996; Parsa and Kouhy, 2001; Branco and Rodrigue, 2006; and Kamla, 2007). In the Libyan context, the Central Bank expressed an interest in the training and development programmes of banks' staff. That interest appears with the decision of the Libyan Central Bank No (122) in 2006 to establish the Institute of Financial and Banking Study. The aim of this institution was to train, educate and improve human, technical, professional and scientific knowledge (IBFS, 2010). Moreover, law No. 37/1973 was issued regarding Manpower Development and Training. That law instructed institutions to prepare training programmes to develop and increase the efficiency of their staff[71].

Accordingly, the developing training programmes of banks' employees can be seen in term of a banks' need to develop their operations, and it can also be seen in terms of banks' adhering to government/CBL policies. However, when banks reviewed their training programmes, they did not refer to legal requirements or to the Central Bank instructions. Most of them tried to justify the training programmes as a priority issue for the development of their activities and increasing the bank's market share. In addition, the shortage of skilled personnel and the need for them may be among the most important factors prompting banks to take an interest in training.

5.8.2.4 Human Rights of Employees

Employees' human rights disclosures should include elements such as equal opportunities, the employment and advancement of women, average working hours, statutory disclosure of directors' emoluments, the ratio of the basic salaries for men and women, the percentage of employees trained, incidents of discrimination and actions taken, reasons for employees changes and freedom of union membership (GRI, 2008; 1010). Few banks in the sample paid attention to these issues.

- **Employment and advancement of women – number of women in management**

Three banks (22% of annual reports) included the names of women within their executive management teams: BCD (2005; 2006; 2007; 2008) reported the name of one woman as an agency director; the National Banking Corporation (2007, p.4) annual report mentioned the name of one woman as a Head of the Compliance Unit; and Alejmaa Alarabi Bank

[71] That law in Article one declared that "Workforce development represents a national duty to be handled by all sectors in the country, by working to increase the quality and quantity of the workforce, using the means or training programs to ensure the creation of individual skills, and raise production efficiency" (Libyan State, 1973, A.3).

reported the name of a woman as their Director of Audit (Alejmaa Alarabi Bank, 2006, p4). In other banks, there were no women in either executive management or other high level roles. This was evident as ten of the twelve banks disclosed the names of all the members of the board of directors, general managers, branch managers and directors of departments at the beginning of the annual reports. The low level of female representation on boards or in management is an issue faced in both Western and Eastern countries. Burke (1993) reported that in Canada women represent around 5% of board members, while in New Zealand's top 200 companies the representation of women on corporate boards is just 4.4% (Pajo et al., 1997). The situation does not differ much in British banks, as Adams and Hart (1998, p.807) reported: "Corporate annual reports appear to have largely ignored women". It should be mentioned that while the presence of women on banks' board could refer to human rights issues, the presence of women on a board would not necessary be associated with the level of social responsibility (Khan, 2010).

In the Libyan context, equal opportunity between genders represents a legal and legislative requirement (in theory)[72]. Despite the official emphasis on equality of opportunity, in the Libyan context women's employment is not only affected by legal and legislative factors, it is also strongly affected by cultural and social factors[73]. As Libya is a patriarchal society, it is not surprising that many women do not take leadership positions, despite the existence of legislation designed to encourage gender equality. However, the existence of legislation may not be sufficient even in some developed countries. Adams and Hart (1998, p.808)

[72]The Charter on the Rights and Duties of Women was issued in 1997 by the Libyan General People's Congress. That document stipulates, "Work is an honour and duty of every citizen, so men and women have the same opportunity and right to leadership positions, according to their abilities, experience and efficiencies" (GPCJ, 1997). Moreover, according to the Green Book, workers/employees, both men and women should participate in corporate management. Also, in 1989 Libya signed the UN Convention on the Elimination of all forms of discrimination against women. Finally, under socialist thought women are expected to fully participate in all aspects of life.

[73] The absence of women from high level management or corporations' boards has been the subject of concern from shareholders of some major New Zealand corporations (Pajo et al., 1997). In contrast, in Libya it has not been an issue for shareholders as a result of cultural considerations.

reported that: “Neither equal opportunities legislation nor economic incentives appear to have broken down the forces of patriarchy”.

- **Equal opportunities**

Equal opportunities disclosure could include issues such as racial and sexual equality and employment of disabled persons, including retraining (GRI, 2008). In Libya, Law No. 3 of 1981 confirmed the right of disabled persons to work. Article 22 of the law reported that: “A disabled person having successfully completed his habilitation or rehabilitation, shall be entitled to employment conforming with subject matter of his reacquired ability to work”[74]. Only Alsaraya Bank (2007, p.15) referred to the equal opportunity issue, but with very little detail:

> "The bank implemented a policy approved by the Board of Directors by providing new employment opportunities for job seekers of both sexes from graduates of universities and institutes of higher education in the areas of accounting and business management"

In social accounting literature, when employees' equal opportunities have been mentioned in studies, it has generally been classified under human resources disclosure (see Gray et al., 1995b; Hackston and Milne, 1996; Adams and Harte, 1998; O'Dwyer and Gray, 1998; Williams and Pei, 1999; Campbell, 2000; Dusuki and Dar, 2005); however, other studies have considered equal opportunities under the employee’s category (see Maali et al., 2006; Ararat, 2006; Tang and Li, 2009; Salehi and Azary, 2009).

- **Statutory disclosure of directors' emoluments**

Ten banks (77% of the annual reports) disclosed information regarding the board of directors' and managers' bonuses and salaries. This information came simply as

---

[74] According to the census of 2006 the male to female ratio was 50.73%. So, the Libyan society is divided almost equally between both genders. However, the graduate statistics of Libyan universities for 2008/2009 indicated that female graduates were twice the number of male graduates. The reason for this may be that, in the Libyan socio-cultural structure men are supposed to enter the labour market because they are seen as being responsible for work and covering the family’s financial expenses, while women are not socially required to do so. Therefore, it is difficult to rely on statistical ratios alone in determining the equality in the employment opportunities in the Libyan context. Customs and traditions in Libya, that are similar to those of other Arab countries, make the issue more complex.

monetary/quantitative disclosure. Banks such as Alejmaa Alarabi Bank, United Banking and Waha Bank disclosed the board of director's remunerations. No banks provided narrative details on such disclosures. While, the disclosure of directors' emoluments represents a financial and statutory disclosure as part of the conventional accounting requirement, it also represents social and ethical responsibility disclosure and reflects a high level of transparency in making the payments to managers and directors visible. In 2007, the Libyan Central Bank published a corporate governance handbook giving guidance for LCB boards. That handbook recommends the board of directors should provide relevant parties with accurate and timely information enabling them to monitor the board of directors and executive management. Furthermore, they should provide information regarding the incentives system of the bank, such as the remuneration policy for employees, and the rewards of executives and board members (CBL, 2007a).

5.8.2.5 Employees' Engagement

Employee's engagement disclosure includes internal employees surveys, regular meetings and annual performance reviews, and consulting employees about working relationships. No disclosure was made by the banks regarding these issues. Only one bank (3% of annual reports) in the sample mentioned consulting departmental and branch managers, and agency heads regarding training programmes.

> "Preparation of specific proposals on the training courses which will be conducted during the current year and distributing them to the department and branch managers and agency heads to arrive at the actual training needs for each of them. The schedule was prepared after conducting interviews with the department and branch managers and agency heads. In these interviews the link between improved performance....Invitation to hold a seminar on training to be attended by branch managers and agency heads to inform the attendees of the importance of training and raising the efficiency of the human resources in the Bank and skill development of the participants and providing them with the knowledge related to determining training needs (DTN) and preparation of training plans." (BCD, 2007 p.23)

Employees' engagement refers to finding out employees' reasonable expectations, and incorporating such expectations in developing bank's policies. The AA1000 guidelines consider formal negotiations between employers and employees as one of the interactions that reflect employees' engagement (AA1000, 2005). Owen (2008) confirmed the importance of stakeholder engagement by confirming the role of unions in supporting the consolidation of responsibility and engagement through dialogue. Kamla, (2007) considered employees engagement in a number of Arab companies and reported similar trends of non-disclosure. Kamla (2007, p.137) considered employees engagement under an "Employee Surveys and Staff Consultation" sub-category and concludes that there is "little evidence of dialogue or consultations with employees".[75] O'Dwyer (1999) reported that some employees' disclosure issues related to equal opportunities, disabled employment and employees engagement were rarely in evidence. In Mashat's (2005) study, employees consultation disclosure was absent – the percentage was 0%.

Rules preventing employees organising independent trade unions in Libya – except for those associated with the government and under its control – could explain the low level of employees engagement (see: chapter four; ITU, 2010). At the same time, the handbook offering guidance on corporate governance in Libya emphasised the importance of employees' engagement. It confirmed the need to inform employees on policies and regulations established in the bank. Moreover, both customers and employees should be engaged with through surveys (CBL, 2007a). However, in the real world these things are ignored, as the sample of annual reports shows.

The Libyan economic and political system was based to a large extent on the Third Universal Theory (Green Book) authored by Qadafi (1977). Part two of that theory focuses on economic issues, and goes far beyond employees' profit sharing; it requires the participation of employees in administration and bans arbitrary dismissal. The theory

[75] In Kamla (2007), 4 companies out of 68 (6%) made disclosures under the employee engagement and consultations sub-category.

introduced the slogan “partners not wage-workers”[76]. Accordingly, it demanded that workers/employees be partners in the economic units. As with other statements in the Green Book, it was just a revolutionary slogan and propaganda that was not implemented in practice. In a context where Libya is moving more towards being an open economy, it appears that banks’ reports give employees and their rights less emphasis in comparison to the maximisation of shareholders’ rights, which reflects that banks are influenced by mainstream Western social accounting. The level of disclosure in the employees’ category is relatively higher than the community's category[77], as shown in table 5.4. The lack of skilled employees seemed to make banks take care of their employees by increasing their benefits and focusing on training programmes. This subject was often referred to as a narrative disclosure, as well as ‘negative’ and ‘bad’ news in some annual reports[78]. For example, the BCD (2008, p.33) reported:

> "In spite of the shortage of banking competencies and experience, especially in higher executive jobs in the Libyan market, and in spite of more than (15,000) employees working in the Banking Sector in Libya, which includes around (20) commercial and specialized banks, which also suffer from this shortage and they lack the qualified experienced banking personnel, our Bank attempted to employ some staff from the neighbouring countries to overcome the shortage in banking competencies, however, it was confronted with several difficulties, most significant were the high salaries and incentives requested by these individuals, whilst many of them refuse to work away from their home countries".

The BCD was not the only bank that complained about the lack of skilled employees. Similar disclosures were made by Alejmaa Alarabi Bank and Alsaraya Bank. For some banks, attracting skilled employees to the bank and, most importantly, retaining them is seen as a priority and is among the strategic goals for the future (United Banking, 2008). This might explain why most of the banks paid attention to employees’ benefits and payments, and training programmes, for which the percentage of disclosure reached 100%

[76] In practice this is implemented in some industrial companies, but does not apply in the banks; however, the theory states that it should be implemented in all economic activities.
[77] In Mashat's (2005) study, the highest level of disclosure was in the employee category, while the lowest was in the community category.
[78] The lack of skilled employees has been considered by some banks as an obstacle in the way of bank's progress and development.

and 81% respectively. Banks justifications of some employees' social initiatives indicate repressive or 'counter radical' social accounting (such as justification training programmes costs). However, there are some positive potentialities, as other social initiatives indicated emancipatory social accounting (such as payments for employees' health insurance and bonuses to employees). In another side, thanks to employees has high level of disclosure, while employees engagement was low. This reflects that while the efforts of employees were appreciated, employees' opinions were not considered. Banks appear to pay more attention to employees compared with the community category, perhaps due to the clear link between employees and profit, 'whereas community involvement is only remotely related to profitability' (Belal and Momin, 2009, p.18) [79].

5.8.3 Third Category: Customers

'Good' news forms the main feature in this category. The sample of annual reports show that most issues disclosed in the customers' category concern social and housing loans and accessibility to financial services, which may indicate the banks' concern for increasing profitability. There is no disclosure regarding customers' human rights. The percentage of sub-category items found is shown in table 5.7. The average disclosure under the customers' category was three banks (26% of annual reports). In general, the customers' categories include disclosures related to customers' benefits and care, the human rights of customers and customers' engagement.

---

[79] Arguably, the lack of skills in employees could explain the low level of disclosure in LCBs annual reports. For Abayo et al. (1993, p.156), insufficient qualified employees could make "compliance costs high", thus contributing to poor quality in corporate disclosure. In LCBs' annual reports, many complain about the lack of skilled employees.

Sub-categories	Code of bank	Gumhouria Bank				Commerce & Development Bank				Sahara Bank				Wahda Bank				National Comercial Bank				NBC Bank	Waha Bank	Aman Bank	Aleejmaa Bank	Mediterranean Bank	Alsaraya Bank	United Bank	**Number of Banks**	**Number of Annual Reports**	**Percentage of Annual Reports**
	Year of report	2005	2006	2007	2008	2005	2006	2007	2008	2005	2006	2007	2008	2005	2006	2007	2008	2005	2006	2007	2008	2007	2008	2006	2006	2007	2007	2008			
	Pages of report	22	15	18	40	40	40	38	44	34	36	29	30	50	55	55	54	44	43	46	28	21	10	18	33	31	25	20			
	Details of sub-category																														
3.1 Customers benefits and Care	Social and Housing loans	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/		/	/	/	/	/	/	11	26	96%
	Accessibility of financial services	/			/	/	/	/	/			/		/		/	/	/	/	/	/				/		/	/	8	17	62%
	Product responsibility,					/		/											/	/									2	4	14%
	Providing Islamic products				/	/	/	/									/												3	5	18%
	Initiatives towards Customers					/		/																	/				2	3	11%
3.2 Human rights	Non-discrimination in lending and giving financial products.																												0	0	0%
	Providing financial services to disadvantaged customers.																												0	0	0%
3.3 Customers' Engagement	Measures such as regular market surveys to measure customer expectations and satisfaction							/	/																				1	2	7%

Table 5.7: Results of Details of Subcategories under Customers' Category

5.8.3.1 Customers' Benefits and Care

Providing customers with loans and financial services could be seen as a form of social responsibility towards customers, but the main concern here is how banks translate or explain such responsibility through the adoption of specific strategies and policies.

- **Social and Housing Loans**

According to the CBL's regulations, all commercial banks have to allocate up to 30% of their credit to social loans, and the same percentage for housing loans. The credit portfolio must not exceed 70% of the total deposit liabilities (CBL, 2007c)[80]. Eleven banks (96% of annual reports) disclosed information relating to social and housing loans, but there were differences between these disclosures. The disclosures can be divided into monetary and qualitative disclosures. Mediterranean Bank, Aman bank, Alsaraya Bank, Waha Bank and Sahara Bank did not provide qualitative information regarding social and housing loans; they only provided quantitative disclosures to show the amount of social and housing loans as an expense or as items in the financial statements. Such disclosure could indicate a commitment to financial disclosure as part of conventional accounting. Other banks explained more about their social and housing loans and added some quantitative details regarding loan growth compared to the previous year (National Commercial Bank, 2008). BCD (2008, p.24) reported that:

> "the Bank continued granting 'social advances' for its customers and raising the ceiling of the advances to customers to the total of two years' salaries, in compliance with the Central Bank of Libya instructions".[81]

[80] During the first quarter of 2010, total social loans and housing loans against total credit reached 36.6% (CBL, 2010). In 2008, these three – social loans, housing loans, and total credit – represented 88.5% of Libyan banks' lending activities (Libyan State, 2009, p.293).

[81] It can also be noted here that the bank attributed provision of this service as a commitment to meeting the Central Bank's instructions, not as the bank's policy or a sense of responsibility towards its customers. What is up for debate is whether this is purely social responsibility towards customers, or whether the bank was merely following the Central Bank's instructions. However, banks need to do this because such loans represent the main source of banks' profit.

For housing loans, the recovery period of the loan in accordance with CBL regulations is between 25 and 60 years for each loan. This reflects the CBL's policy towards customers, and is a form of social responsibility as it alleviates the onus of financial commitment by lengthening the loan recovery period (CBL, 2007c)[82]. This refers to the collective responsibility of the State and banks for creating social wealth by taking into account the basic needs of customers and the community in loans. CBL's regulations explain the high percentage of social and housing loans granted by the banks studied. However, the banks did not disclose the recovery period, contributing to counter-radical social accounting.

- **Accessibility of financial services to customers**

Accessibility of financial services to customers could be seen through easy accessibility of financial services to serve customers within the region in which the banks operate[83]. The sample of the annual reports has shown that some banks disclose information regarding developing financial services for all customers. Eight banks (62% of annual reports) disclosed narrative information, and all that disclosure came as non-monetary disclosure. Some banks devoted more than one page to giving detailed information regarding the technology they are using to extend their services to customers[84]. Gumhouria Bank, Commerce & Development Bank and Wahda Bank mentioned new services to customers, which include connectivity of all bank branches and agencies, development of the SWIFT system hardware and software, Visa cards, using the National Payment System and using

[82] There are other specialized banks that have been created for the purpose of providing loans and facilities for economic activities and individuals, including the Development Bank, the Agricultural Bank and the Saving and Real-Estate Investment Bank.

[83] This sub-category differs from the previous sub-category of community human rights for the disabled, although both address the facilities and technical services that are offered by the banks. The former focuses specifically on the services that banks must provide for the disabled as members of society and taking into account their special needs. The one referred to here focuses on facilitating the provision of services to customers as a form of social responsibility in the Libyan context.

[84] E.g., BCD (2007, p.18-22) devoted about five pages to showing its efforts in developing technological services. Gumhouria Bank (2008, p.34-36) devoted three pages to reviewing the bank's technological services.

the intranet and mobile phones to provide reports and details of accounts to customers. Also, Sahara Bank (2007, p.5-6) reported that:

> "The bank started in setting up new programs, which contribute in developing the services delivered to clients of the bank, such as (connection trade) program, which contributes in foreign trade through internet, in terms of automatic opening of credits, follow up discrepancies of documents and to follow payment".

In the Libyan context, the use of technological services in banks has only recently been introduced. For three decades the State dominated economic activity, including banks (see chapter four). The government regulations obliged all economic entities and institutions to pay workers/employees' salaries and bonuses by opening accounts in commercial banks. In the absence of competition and of spirit of innovation, the banks did not make an effort to innovate or use technology, so services were mostly performed manually. This left banks packed with customers coming to the bank to collect their salaries. Thus, developing services technology could represent a kind of social responsibility in a Libyan context. For Bengdara (2007) technology has become one of the most important determinants in improving customer service.

For Al-Eisa and Alhemoud (2009, p.308) investment in technology helps customers receive the service they require “without having to visit the bank”. Therefore, providing technological financial services contributes to improvements in the banks’ services and efficiency. In recent years the State introduced a package of reforms allowing the privatisation and the involvement of foreign investors in the banking sector, as well as other reforms lifting barriers to competition (Alwaddan, 2005). Developing technology services is one way to increase the share of a bank in the market, and to maximise its competitive ability. This kind of disclosure might reflect the impact of the banks' adoption of Western techniques in their services, which contributes to the consolidation of Western values in the local context. It could be argued that it is not possible to import others' technology without also importing the culture and values associated with these products, as the technology and culture are inseparable. Such disclosure could reflect a form of mainstream Western social accounting as well, where banks combine customer satisfaction with increasing their profitability.

- **Product responsibility**

Product responsibility includes the banking services' prices, the bank's efforts to enhance financial literacy and their adoption of policies for the fair design and sale of financial products and services (GRI, 2008). In 2004, the CBL issued regulations determining the interest rates on lending and the fees for some banking services. In 2007 the State revisited its interest rates and gave commercial banks the right to determine their own interest rates and prices for their banking services (CBL, 2007b). Therefore, it is imperative to make these prices visible for all customers. From the sample of annual reports, just two banks (14% of annual reports) disclosed information regarding their banking services prices:

> "Management has published a booklet which contains the prices of the banking services of all types of transactions, local or foreign. This booklet will inform our customers of the cost of each service in addition to the bulletin boards in the branches and agencies that serve the same purpose. While management ensures that the services are provided at prices that are highly competitive in the local market" (BCD, 2005, p.27).

> "The bank has installed screens for the purpose of providing prices of currencies and services in the bank" (National Banking Corporation, 2007, p.35).

CBL's control of the pricing of LCB services until 2007 may explain the lack of disclosure here. Nevertheless, in terms of policies for the fair design and sale of financial products and services, no bank gave either monetary or non-monetary information in that regard.

- **Providing Islamic products.**

Several studies have discussed the role of Islamic products in banks (see Cornelisse and Steffelaar, 1995; Haniffa, 2002; Lewis, 2006; Al-Ajmi et al., 2009). Many Muslims would like to follow Islamic teachings in dealing with investment and financial activities, "Islamic banks offer their clients a variety of financial products that do not violate Sharia" (Maali et al., 2006, p.267). Islamic transactions have been considered by customers "as having a social as well as an economic role", by satisfying customers' desire to conduct their business transactions according to Sharia (p.269).

In the sample of annual reports, only three banks (18% of annual reports) disclosed information regarding Islamic products. This disclosure came in the form of disclosing future plans to offer Islamic products; as the Gumhouria Bank (2008, p.9) reported:

> "Owing to the severe competition, there is a need to provide new services, including Islamic banking services, so our bank has taken the initiative to begin in the Islamic banking services by opening new windows to meet the needs of customers"

Furthermore, Commerce & Development Bank disclosed information about Visa Hajj and Omra, its Shariah compliance and its policies to comply with the principles of Islamic law.

> "One of the new services added to the electronic bank is the zakat calculator, which determines the value accrued on property to give Zaket" (BCD, 2007, p.20).

Islam is a major religion in Libya, with 97% of the Libyan population adhering to Sunni Islam. Therefore, it is important to offer Islamic transactions in Libyan commercial banks. In the Libyan context, following independence in 1952, the Libyan legislation followed that of the liberal west. However, that situation changed after the first of September 1969 when Libya moved toward being a socialist economy (Alzeriqi, 2009). At this time, all foreign commercial banks were nationalized and became five banks fully owned by the State. In addition, the Libyan legislation was amended to conform to Islamic law. Despite this, until recently Islamic transactions were not allowed in banks, and Islamic banks were not allowed to operate in Libya. The main obstacle to the emergence of Islamic banks was the CBL, which imposed restrictions on Islamic trading and transactions and did not permit the establishment of Islamic banks. However, recently, the LCBs has authorized the opening of Islamic windows. The future looks promising for those interested in Islamic transactions. The president of the Libyan Transitional Council that was established recently after the fall of Qadafi's regime declared that new banks would be set up to follow the Islamic banking system, which bans charging interest.

- **Other initiatives towards customers**

Two banks (11% of annual reports) took advanced steps in providing services to their customers. E.g., BCD Bank opened a Child Agency, adapting to expanding activity in this area, as well as planning to allocate a portion of their profit to larger depositors/customers.

> "Child Agency was opened in 'Alhadaik' district in the city of Benghazi on 1/2/2005. This agency was provided with equipment and instruments to suit its extraordinary customers from the child age group. The agency is provided with a child game room, a computer room, a library, a painting studio for children and a reception and transaction hall. Following up the deposit liabilities indicated that transacting with this agency is quite popular with children… It will train our children -tomorrow's adults- on dealing with banks and developing banking awareness to expand their vision and to make them competent in meeting their future huge responsibilities" (BCD, 2005, pp.20-21).
>
> "Paying more attention to larger depositors and granting priority and speed of providing services and studying the possibility of allocating a portion of the profit to appropriated as return to the larger depositors" (BCD, 2008, p.43).

Also, Alejmaa Alarabi Bank, (2006, p.8) reported other services to customers, including:

> "Providing payment services to different destinations on behalf of customers, such as telephone and electricity installments".

As customers' deposits represent a major source of the funds for banks' operations, attracting more depositors represents a target for banks. Such targets motivated them to provide more initiatives towards customers. Thus, such initiatives towards customers represent banks' attempts to maximise profitability, which is a form of mainstream Western social accounting that consider social initiatives as a tool to develop entities' operations. It also, represents social initiatives towards customers.

5.8.3.2 Human Rights of Customers

There are many elements that may be considered to fall under the category of human rights of customers. According to the GRI (2008) guidelines, non-discrimination and fair lending policies, providing financial services for disadvantaged customers and customer privacy are important here and so should be disclosed.

Customers' human rights could be seen through dealing with customers equally in facilitating service delivery; such as permitting easy access to the banks' buildings for disabled customers. In the Libyan context, according to Law N° 3 of 1981 on disabled persons, advantages and benefits should exist for disabled people who deal with any corporation, including public transport, and their access to buildings and other facilities should be facilitated. None of these issues have been disclosed by any of the banks in this study. Kamla (2007) also observed similar trends of non-disclosure by Arab companies on customers' (and employees') human rights. The lack of disclosure could be due to the sensitivities to human rights and freedom issues in Libya, meaning banks may want to avoid these types of disclosure. Another reason is the lack of awareness about these issues. Moreover, with the absence of local human rights organisations and free trade unions, for many human rights issues are non-essential 'luxury' issues.

5.8.3.3 Customer's Engagement

As mentioned earlier, consulting with stakeholders such as customers can help entities meet customers' reasonable needs (AA1000, 2005; Adams and McNicholas, 2007; GRI, 2008; Owen, 2008). Customer engagement refers to engaging customers in the bank's issues and developing a level of dialogue with them. According to the GRI guidelines (2008, p.6), customer engagement is important "For both investment portfolios (asset management) and financing portfolios (banking). Effective engagement is also an essential element of plans for implementing policies and procedures for environmental and social risk assessment". However, customer engagement can be achieved by using regular market surveys to measure customers' expectations and satisfaction as well as dealing with customers' questions or complaints. Disclosure about such steps was absent from LCBs' annual reports. Only one bank (7% of annual reports) considered customer engagement, BCD (2008, p.43) mentioned the:

"Establishment of specialized units to handle enquiries and complaints from customers".

Other studies on social disclosure by companies and banks in the Arab world also indicated the scarcity of customer engagement disclosure (see Kamla, 2007). In Malaysia, Dusuki and Abdullah (2007) also reported on the lack of customers' engagement disclosure. Engagement in general means sharing others' opinions, having a dialogue with them and considering their priority issues. After the long period of colonialism, Libya was governed for four decades by a holistic and totalitarian regime that curbed freedoms. Thus, it was not easy for a culture of dialogue and listening to the others' opinions to flourish in such a regime.

The low level of disclosure under the customer category is surprising considering the dependence of Libyan banks on customers' deposits, which represent nearly twelve times the total of shareholders' equity. Despite this, only 26% of annual reports reported under the customer category (slightly more than community disclosures and less than employee-related disclosures). The emphasis on disclosure under the customer category was in social advances and housing loans, which are adhered to by most banks to meet the legal requirements of the CBL. In the customer category it is difficult to track any type of disclosure that reflects emancipatory social accounting. Most of the customer-related disclosures are counter-radical social accounting.

5.8.4 Fourth Category: Economy

As mentioned earlier, social accounting responsibility following the triple bottom line means that economic activity contributes to people's well-being. Accordingly, the economy category is divided into three groups, as shown in table 5.8: direct and indirect contribution to the local economy, shareholders' benefits and value and shareholder engagement. These may at least be taken as proxies for contribution to well-being via economic production.

Sub-categories	Code of bank	Gumhouria Bank				Commerce & Development Bank				Sahara Bank				Wahda Bank				National Comercial Bank				NBC Bank	Waha Bank	Aman Bank	Aleejmaa Bank	Mediterranean Bank	Alsaraya Bank	United Bank	**Number of Banks**	**Number of Annual Reports**	**Percentage of Annual Reports**
	Year of report	2005	2006	2007	2008	2005	2006	2007	2008	2005	2006	2007	2008	2005	2006	2007	2008	2005	2006	2007	2008	2007	2008	2006	2006	2007	2007	2008			
	Pages of report	22	15	18	40	40	40	38	44	34	36	29	30	50	55	55	54	44	43	46	28	21	10	18	33	31	25	20			
	Details of sub-category																														
4.1 Direct/indirect contribution	Direct contributions, such as: direct payment of wages and taxes.	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/		/		/	/	/	/	11	25	92%
	Indirect contribution, such as: attracting additional investment to the local economy	/			/	/	/	/				/	/	/	/	/	/	/	/	/	/					/			6	16	59%
4.2 Shareholders' benefits and value	Protection of assets and wealth, and bank's risk management.	/			/	/	/	/													/				/				4	7	25%
	Return on investment	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/			/	/	/	/	/	10	25	92%
4.3 Shareholder Engagement	Annual General Meeting, board of directors' meetings - regular reporting requirements		/		/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/					/	/		7	20	74%

Table 5.8: Results of Details of Subcategories under Economy Category

The highest percentage of disclosure is on direct contributions, such as the direct payment of wages and taxes, while the lowest level of disclosure was for protection of assets and wealth and the bank's risk management. As is the case in mainstream Western social accounting, most banks' reports focus on good news regarding their economic achievements (in a narrative manner) and avoid bad news.

An exception to this is the National Banking Corporation (2007, p.3), which stated:

> "As a result of the decision of Central Bank to integrate a group of banks within the National Banking Corporation, this contributed to decrease the profit".

However, this bad news mentioned by the National Banking Corporation represents an attempt to justify the reduced level of income.

5.8.4.1 Direct and Indirect Contribution in the Local Economy[85]

- **Direct contribution**

> "Economic benefit achieved by any development project for the local community is an essential standard to its success" (NPC, 2008)[86].

According to GRI (2008), direct economic value is the economic value generated and distributed, including revenues, costs, donations, retained earnings, and payments to governments as taxes. The sample of annual reports shows that eleven banks (92% of annual reports) pay attention to one or more of these issues, particularly wages and tax payments. Most of them provided mainly quantitative disclosures without details (e.g. Waha Bank, Aman Bank, Alejmaa Alarabi Bank, Mediterranean Bank, Alsaraya Bank). Other banks provided more details, such as on tax payments:

> "the most important item realized big increase, is taxes appropriate which increased to reach to an amount of 52,607,831 Dinars to achieve an increase of 25,255,036 Dinars, this is a result of profits net increase before taxes" (Sahara Bank, 2007, p.25).

[85] Economic characteristics can be viewed in more than one way, for Gallhofer and Haslam (2003), among the issues that should be considered in economic dimension related to social accounting is wealth distribution and poverty issues; GRI (2008) focused on the direct and indirect contributions in the local economy, while Gray et al. (1995b) and Kamla (2007) considered disclosure related to customers and suppliers under the economic categories.

[86] Under the auspices of the National Planning Council (the highest policy-making authority in Libya), the centre of Economic Researches initiated the Libya Project 2025 to assist the government in developing future policies. The project included a package of proposals for social and economic development.

Another bank provided more detailed information, despite the information coming in the form of a complaint:

> "This contribution is sharing by the Public Treasury in the Bank's profits by a rate that exceeds 45% with no effort, contribution or subsidy by any authority. In this respect, we demand that the unjust Tax Law be amended to grant Libyan Nationals the advantages given to foreign investors. The Bank is owned by more than 2,400 Libyan investors who are more worthy of tax and customs exemptions as well as the other advantages and exceptions given to foreigners. Libya is ours -the Libyans- first before any other regardless of reasons or justifications" (BCD, 2007, p.26)[87].

In addition, in terms of direct economic contribution, Commerce & Development Bank, Sahara Bank and National Commercial Bank provide details regarding individual branches' contributions to the proportion of profits. From CBL's perspective, "Achieving economic and social development and contributing to economic well-being of all members of society, can be achieved by the granting of loans and credit facilities for various sectors and economic and social activities" (CBL, 2007c, p.10). Despite these social requirements of businesses being embedded within the Libyan law, banks did not provide sufficient disclosure to portray compliance with such requirements. This reflects the gap in Libya's disclosure requirements, where such disclosures are not demanded of banks. As a result of the educational system and international standards, adhering to Western values is more accepted than adhering to ideology, regulations and laws, especially in light of the absence of the tools necessary to promote local values/requirements. Such tools include trade unions, a free media and civil society organisations.

- **Indirect contribution**

Indirect economic impacts refer to the role of banks as a participant in socio-economic change and national economic development. Such participation could reflect banks' contributions to communities. According to GRI (2008, p.1), indirect economic impacts might include "development and impact of infrastructure investments and services

[87] Under the previous tax law, the corporate tax rate increased as the corporate income increased. However, that law has changed recently so that the tax contribution for all corporations including banks became 20% in order to encourage investment.

provided primarily for public benefit through commercial…Understanding and describing significant indirect economic impacts, including the extent of impacts". Unlike the direct economic impact, which refers to "the immediate consequences of monetary flows to stakeholders", indirect impact indicates additional impacts resulting from direct economic impacts (p.13). However, both represent the banks contribution to sustainable development.

Indirect economic impacts represent the results of transactions by the bank that are often non-monetary (GRI, 2008). Six banks (59% of annual reports) mentioned their contribution to the local economy; if their disclosure was general, including little detail.

> "The existence of ambitious economic plans in various areas of economic development which are expected to pay large sums in foreign currencies for investment within the country, estimated in billions" (BCD, 2008, p.43).

> "Investment in service and productive business activities in partnership with local and overseas investors in order to achieve the optimum utilization of credit portfolio, contributing to the growth of the national economy and achieving the best possible results" (United Banking, 2008, p.19).

> "The Bank -during this year- contributed in the stimulation of the economy in addition to the finance area through issue of local and foreign letters of guarantee, opening documentary credits" (BCD, 2005, p.13).

The State ideology assumed that economic activity should lead to the material needs of all members of the community being satisfied. Therefore, this ideology believes the purpose of economic activity is to maximise the wealth of society and to achieve satisfaction of the owners of activity within the limits of their needs; it thus assumes that any maximisation of individual wealth at the expense of social wealth represents exploitation. This does not necessarily mean that the practice in the real world accurately reflects what is stipulated in the theory. The Libyan market has recently opened up; there is a private sector and foreign companies have begun to enter it. It is not logical to invite foreign companies to participate and engage in economic activities, and at the same time prevent them from making profits.

5.8.4.2 Shareholders' Benefits and Value

Great benefits and value for shareholders can be achieved by protection of assets and wealth, and management of risk, as well as by achieving an appropriate return for shareholders on their investment.

- **Protection of assets and wealth, and bank's risk management**

Four banks (25% of annual reports) reported on dealing with risk management and protection of assets:

> "According to the CBL policy, Sahara Bank has made enough provision based on a global assessment to all doubtful loans and other risks" (Sahara Bank, 2008, p.5).
>
> "Granting loans and facilities secured by insurance policies against loan or credit facility risks... Investing in financial instruments through the Libyan Stock Market, by allocating (20 million LYD)…by dealing in profitable shares which earn guaranteed interest and avoiding speculation and risk in failed companies" BCD, (2008, p.44).
>
> "The Risk Management Department and the Compliance Unit were established to carry out their role in monitoring the Bank operations to attain efficiency of performance. In compliance with the instructions issued by the BOD to prepare a comprehensive complete manual of all the resolutions and circulars issued by the Central Bank of Libya and classifying and indexing them by subject and jurisdiction and distribution of this document to all the branches and agencies for reference when they conduct the different banking operations" (BCD, 2007, p.25).

One of the biggest risks that may be faced by banks is the possible inability to recover loans. In Libya, credit facilities are the main source of using money as well as the main source of income. In Libya, in some cases when customers are unable to pay their obligations the bank may not be able to sell the mortgaged property as a result of the customs and the prevailing social relations. Such social relations may therefore prevent banks' ability to recover funds (CBL, 2007c, p.6). Accordingly, this represents a part of operations risks that banks should take into account by considering the customs and socio-cultural context, as well as the social components of each region.

- **Return on investment**

Offering an attractive return to shareholders seems to be a concern for most banks. Most of them are keen to highlight the increasing value of the returns and other benefits to shareholders. In the Libyan context, it seems that banks do not spare any effort to achieve the greatest return for shareholders[88] and managers may feel that the legal responsibility for leading banks is achieving shareholder satisfaction. Ten banks (92% of annual reports) disclosed shareholders' return.

> "The rate of return on shareholders' equity has increased compared with the last fiscal year from 8% to 12%" (Wahda Bank, 2007, p.6).

Another kind of benefit provided to shareholders is highlighted by BCD (2008, p.29):

> "In a step that can be truly considered qualitative in the history of joint stock companies, a collective life insurance policy was issued for the Bank Shareholder. Agreement reached between the Bank and Commerce and Development and Athiga Littameen Company, whereas the Company provides round the clock insurance protection as a pioneering service representing the protection of Shareholders and giving them an advantage to be considered a first in the Libyan joint stock companies".

5.8.4.3 Shareholders' Engagement

The annual general meeting is considered the main part of shareholder engagement. In the sample of annual reports, seven of the banks (74% of annual reports) mentioned the annual meeting. Moreover, according to Libyan Commercial Law (1970) the annual reports should be provided and discussed at an annual general meeting (Libyan State, 1970).

> "In implementation of the resolution of Ordinary Shareholders Meeting of 8/10/2008 agreeing to write off some non performing debts...." (BCD, 2008, p.24).

> "The Board of Directors has implemented all the decisions that adopted by the shareholders' meeting in its previous meeting" (Alsaraya Bank, 2007, p.14).

It seems that in the Libyan context, shareholder engagement disclosures represent the highest percentage compared to other stakeholders' engagement sub-categories.

Consideration for social accounting issues does not mean that banks should ignore economic and financial considerations. In accordance with the triple bottom line concept, social, environmental and financial issues have to be considered as interconnected.

[88] By the end of the 2009, the total returns on shareholders' equity reached 27.1% (CBL, 2010). Also BCD (2005 p.13) confirmed that "the capital and per share returns on investment are considered larger than their international equivalents." The returns before tax were 55% and after tax were 24%.

Moreover, banks, like any other companies, represent the engine of the local economy. Therefore, considering profit and economic issues is an essential part of their social responsibility (Henderson, 2005). In the literature there are some studies that have discussed the economic dimension of social accounting (see Gray et al., 1995b; Bebbington et al., 1999; Milne and Adler, 1999; Guthrie and Abeysekera, 2006; Kamla, 2007; Salehi and Azary, 2009). Banks in Libya seem to be more focused on narrow economic issues in their disclosure. Financial disclosure represents the dominant feature in the sample of LCBs' annual reports. Most of the LCBs are owned wholly or partly by the government/CBL. Therefore, the banks' commitments towards shareholders represent their commitments towards the government/CBL.

5.8.5 Fifth Category: Environment

No banks in the sample disclose any information regarding environmental issues, as table 5.9 shows.

5.8.5.1 Direct Responsibility to the Environment

All companies and financial services, including banks, should consider their direct responsibility towards the environment. This could be done by dealing with water, energy and paper consumption through initiatives such as reducing water consumption, reducing direct and indirect energy consumption by primary energy sources, saving energy saved due to conservation and efficiency improvements, providing energy-efficient or renewable energy, reducing paper consumption and increasing recycling (GRI, 2008, 2010)[89]. No Libyan banks disclosed any information under the direct responsibility to the environment sub-category.

[89]Seven banks (38% of annual reports) disclosed quantitative information in the financial statements. These disclosures related to the cost of water and electricity. For instance, the Mediterranean Bank (2007, p.22) disclosed expresses associated to fuel, water, electricity, gas and sanitation. Such disclosures are related to supplier payments than environment category as they do not include any analysis or policies.

Sub-categories	Code of bank	Gumhouria Bank				Commerce & Development Bank				Sahara Bank				Wahda Bank				National Comercial Bank				NBC Bank	Waha Bank	Aman Bank	Aleejmaa Bank	Mediterranean Bank	Alsaraya Bank	United Bank	Number of Banks	Number of Annual Reports	Percentage of Annual Reports
	Year of report	2005	2006	2007	2008	2005	2006	2007	2008	2005	2006	2007	2008	2005	2006	2007	2008	2005	2006	2007	2008	2007	2008	2006	2006	2007	2007	2008			
	Pages of report	22	15	18	40	40	40	38	44	34	36	29	30	50	55	55	54	44	43	46	28	21	10	18	33	31	25	20			
	Details of sub-category																														
5.1 Direct responsibility to environment	Dealing with water, energy and paper consumption.																												0	0	0%
	Other environmental Protection																												0	0	0%
5.2 Indirect responsibility	Considering the environmental impact of other companies' activities before financing them.																												0	0	0%

Table 5.9: Results of Details of Subcategories under Environment's Category

5.8.5.2 Indirect Responsibility to the Environment

The banking sector plays a significant role in facilitating activities in all economic sectors; and those activities may have negative effects both socially and environmentally. Therefore, considering the environmental impact of other companies' activity before financing them reflects the indirect environmental responsibility of banks. Banks should report on their policies for financing others. In that context, according to Willem et al. (2007), accountability and transparency in the banking sector may have another meaning. In other words, the level of transparency and accountability that banks should consider may exceed mere disclosure of banks' activities to include their clients' activities (Willem et al., 2007). In practice, banks may only consider the financial returns from financing and lending to other corporations. In the Libyan commercial banking sector, from what can be inferred from the sample of annual reports, there is no disclosure regarding financing policies of banks. For Willem et al. (2007, pp.xii-106): “Banks need to be as transparent and accountable as possible regarding the companies, projects and countries they finance”.

From the sample of annual reports, banks seemed not to pay any attention to either direct or indirect responsibility to the environment. In 2003 the General People's Congress issued the Libyan Environmental Law No (15), which explicitly stated the need for institutions to give environmental issues necessary attention (Libyan State, 2003). However, neither this law nor the regulations issued pursuant thereto directly pointed to the role of the banking sector or any financial institutions vis-à-vis environmental issues.

A lack of disclosure on environmental issues is also evident in other environmentally-sensitive companies, such as industrial ones. Ahmad’s (2004) study, which covered the period from 1998 to 2001, concluded that there is no environmental disclosure by Libyan industrial companies. Later, another study conducted by Ahmad and Mousa (2010) to investigate environmental disclosure by the largest industrial companies in Libya found that after the Libyan Environmental Law No (15) of 2003 was passed, in comparison to Ahmad's (2004) study the "quantity and quality, has been developed over the period between the two studies". However, they did not elaborate on this development sufficiently to judge the level of disclosure. Kamla (2007) also claimed that Arab companies did not seem to give enough importance to environmental disclosure.

A lack of environmental disclosure in the Libyan context could be due to the lack of necessary legislation requiring banks to disclose their environmental impact (as the existing legislation only considers the practice for all corporations). In addition, banks might be not directly linked to environmental issues. That is what Maali et al. (2006, p.284) concluded: "environmental issues were not seen as relevant by financial institutions". Furthermore, Libyan accounting education does not focus on environmental issues and Libyan universities do not include social and environmental accounting modules within colleges (Ahmad and Gao, 2004).

5.8.6 Sixth Category: Other

The 'other' category includes any information that might be mentioned in annual reports related to social accounting responsibility that does not belong in any of the other listed categories. Such forms of disclosure reflect the cultural, social, legal and educational context, especially in the absence of a legal requirement of social disclosure. Table 5.10 summarises sub-categories and levels of disclosure under them. Disclosure varies in this category between good and bad news. Most disclosures are of a qualitative nature.

Sub-categories	Code of bank	Gumhouria Bank				Commerce & Development Bank				Sahara Bank				Wahda Bank				National Comercial Bank				NBC Bank	Waha Bank	Aman Bank	Aleejmaa Bank	Mediterranean Bank	Alsaraya Bank	United Bank	Number of Banks	Number of Annual Reports	Percentage of Annual Reports
	Year of report	2005	2006	2007	2008	2005	2006	2007	2008	2005	2006	2007	2008	2005	2006	2007	2008	2005	2006	2007	2008	2007	2008	2006	2006	2007	2007	2008			
	Pages of report	22	15	18	40	40	40	38	44	34	36	29	30	50	55	55	54	44	43	46	28	21	10	18	33	31	25	20			
	Details of sub-category																														
6.1 Adhering to government / CBL policies	Providing regular reports, banks' adherence to all laws and regulations. Also, incidents of non-compliance with regulations, service information.	/		/	/	/	/	/		/	/		/	/	/	/		/	/	/					/	/	/	/	9	19	70%
6.2 Some indicators that have a social responsibility dimension	To whom the report is addressed.			/		/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/				/	/	/	9	21	77%
	Banks' target or vision				/	/	/	/	/						/	/	/					/			/			/	6	11	40%
	Factors that have a direct or indirect impact on banks' activities.					/		/	/	/												/			/	/	/	/	7	9	33%

Table 5.10: Results of Details of Subcategories under Other Category

5.8.6.1 Adhering to Government/CBL Policies

Providing regular reports represents a part of adhering to government/CBL policies. This sub-category explores whether banks disclose any detailed information regarding adherence to government/CBL policies and generally accepted accounting principles. In the Libyan context, governmental policies and plans shape much of the banks' activities; indeed some Libyan banks are still owned by the State. Therefore, the banks feel the need to assure stakeholders and the government that they follow the government regulations. Kamla (2007) similarly reported that in the Arab world companies often provide voluntarily information about their commitment to fulfilling government's regulations. For Ararat (2006), social disclosure in some MENA countries was found to comply with International Standards as well as government regulations and instructions.

In this study, nine out of twelve banks (70% of reports) provided qualitative information here. E.g., Mediterranean Bank (2007, p.23) reported that the bank:

> "…believes in its role and in accordance with the commercial law and the bank's base regulation".

Also, Wahda Bank (2007) declared that it adheres to accounting standards and BCD (2005, p.27) confirmed:

> "Follow up of the control instructions issued by the Central Bank of Libya and ascertaining conformity of the Bank Departments and branches with them... Follow up of the conformity of the Bank and compliance with the standards of the daily banking business".

This disclosure aims to send a 'reassuring message' to the government/CBL, as the State has control over the national economy and has the highest percentage of shares in key LCBs. Therefore, in most cases, the commitment of banks towards the government/CBL is a commitment towards the owner. In other cases, such a commitment represents an obligation towards the legislator leading and dominating banking policies. Such disclosures may be described as 'conciliatory disclosure' for government/CBL and the shareholders.

5.8.6.2 Some Disclosures that have a Social Responsibility Dimension

These indicators vary in terms of news type, where some of them reflect good/positive news, while others are seen as bad/negative news. Moreover, most of this information was narrative. Disclosures under this sub-category included topics such as the impact of globalisation and the negative or positive impact of the CBL's decisions, as well as addressing the banks' targets.

- **To whom the report is addressed**

Most annual reports in the sample – nine banks (77% of annual reports) – focus on shareholders in their report[90]. In addition to shareholders, there were also other groups mentioned, including shareholders, external auditors and the CBL. However, Sahara Bank (2007, p.3) addressed their report to: 'The Chairman and Members of General Assembly Sahara Bank'. Alsaraya Bank (2007, p.6) addressed the report to three groups 'representative of the Libyan Central Bank, external Auditors and general Assembly'. This result highlights the concern that LCBs should properly identify their principal stakeholders and the reader to whom the report is addressed. Identifying the principal stakeholders paves the way for proper disclosure to them. Abu-Baker and Naser's (2000) findings also reflected that in Jordan, as companies in the banking sector, and indeed in other sectors, do not provide much social information in their annual reports, they limit their limited social information to shareholders, potential investors and creditors.

Again, as mentioned above, the main concern of LCBs is to report to shareholders and the government/CBL, while other parties are ignored; this is not much different to Western style disclosure. The reason for this could be that annual reports are issued by management/directors to satisfy the parties most important to them. The shareholders and

[90] The addressee of the report usually comes at the beginning of the Chairman's or board's statement.

government/CBL voices are more powerful than the other voices. They have a strong lobby and their voices can be heard. Meanwhile, parties interested in environmental issues, human rights and social needs are not considered as a result of the absence of civil society and trade unions.

- **Bank's target and vision**

Six out of twelve banks (40% of annual reports) mentioned their vision and targets. Some declared that the main target of their operations is profit making.

United Bank (2008, p.2) reported:

> "…restructuring of the bank by developing new policies and procedures and re-engineering the administrative system. We have been working hard at developing a strategic plan as well as attracting experienced staff and investing in the technology infrastructure required for our ambitious plan: to reach all major cities of Libya".

BCD (2008, p.12) reported:

> "Our Objectives: To meet our customer's expectations and gain their satisfaction. To increase the Bank's business and multiply our financial indicators. To increase profits and reduce costs to increase Stockholders' equity and strengthen the Bank financial position. To build a sound banking institution focusing on asset quality. To recruit, train, motivate and reward talented leading banking personnel by providing local and foreign training programs and incentives for the distinguished among them. To install the single family spirit in all the branches and agencies under the leadership of the Bank's top management."

And Wahda Bank (2006, p.6) reported:

> "Our target to remain the bank as a leader in the provision of banking services with efficiency characteristic...Keep up with developments related to the banking market....Ideal Management of funds...Gain the confidence of the bank's customers...Development efficiency and skills of employees"

Bank's targets and vision here remains just wishes and aspirations, as the mere expression of targets and vision are not sufficient, where banks need to adopt specific strategies and policies in order to achieve their visions. The main target for banks remains to satisfy shareholders; as United Banking, (2008, p.19) reported, the bank "seeks to optimize the return on shareholders' equity through developing its services in various areas that meet the requirements of its customers". Conducting social initiatives for maximising shareholder values could contribute to counter-radical social accounting, instead of enabling an emancipatory form of social accounting to the betterment.

- **Factors that have direct and indirect impact on banks' activities**

Seven banks (33% of annual reports) disclosed some factors that influenced their activities. Such factors included the impact of globalisation, the impact of the local economy and CBL policies. However, most of these factors came as bad/negative news. Market liberalisation policies and the establishment of a stock market in Libya reflect the impact of globalisations in the Libyan context. For instance, some banks made disclosures on the impact of the global economic crisis on their activity. Sahara Bank (2008, p.4) reported on the impact of globalisation on the local economy:

> "The most important events which accompanied the fiscal year 2008 were the emergence of the global financial crisis which cast a shadow on the world."

Alsaraya Bank (2007, p.10) reflects its concern as to how the central bank should act next:

> "The development cannot be completed, unless each organisation fulfils its role, including the development strategy that rests with the Central Bank which involves Electronic Clearing, National Payment System and Credit card systems".

Beside globalisation, some banks, including BCD and Mediterranean Bank, mentioned difficulties they faced during the fiscal year, including issues pending in the courts. These disclosures reflect the banks' efforts to inform users about issues facing the bank.

In terms of the impact of government/CBL policies, some banks reported positive impacts – good news – while others have talked about negative impact – bad news. When the bad news concerns CBL policies, it can be noted that the BCD complains of discrimination in the government's policies, and claim that such discrimination influenced the bank's achievements.

> "the General People's Committee for Finance to restrict opening the accounts of the entities and sectors financed by the Public Treasury to the Central Bank of Libya and the Five Commercial

> Banks; consequently these organizations were restricted in transacting their deposit liabilities to the mentioned banks, and our Bank's business was limited to the private sector". (BCD, 2005, p.15-16)

Other banks, as mentioned above, reported on the positive impact of CBL’s policies; for example Sahara Bank (2007, p.5) reported:

> "Interesting of the central bank in developing the banking sector in general, whereas it sponsors strategic partnership program, by following up what the partner provides of development ad training programs, with its readiness to amend many procedures which facilitate to the Libyan banks in general, in order to carry out their works easily, and with more freedom within the framework of what is required carefully".

As the other category represents disclosed information that has social responsibility, such as compliance with government regulations and law, it also reflects the kind of information that banks tell their users about. That information reflects banks’ responsibility and transparency to inform users about the issues that concern them.

5.9 Discussion and Conclusion

To analyse the content and quality of social accounting disclosures by LCBs, this research depends on annual reports as a unit of analysis. The annual report is a significant document for corporations to reflect on their social image to be seen by a wide range of stakeholders. This study analysed the content rather than counting it, as merely counting the content may lead to misleading results. Accordingly, by implementing the disclosure index/content analysis method on the selected sample of annual reports, it can be claimed that the available media communications in LCBs have been investigated to recognise the status quo of social accounting disclosure.

Libyan commercial banks can be divided into roughly three groups in terms of ownership structure: State-owned, privately-owned and mixed-owned (see table 5.1). It was not easy to link the content and quality of disclosure to the type of ownership structure[91]. As there were some banks that had higher levels of disclosure than others in each group. Also,

[91] Even this classification is unstable, because the CBL began to sell the State banks. so what was described as state-owned banks in 2005 and 2006, became mixed-owned banks during subsequent years (see: table 5.3).

changes in ownership structure during the period of the study made it difficult to judge whether some banks should be classed as government or mixed banks. Most of the key LCBs are owned wholly or in majority by the Central Banks (Gumhouria Bank, National Commercial Bank, National Banking Corporation and Wahda Bank). It can be noted that from the sample of annual reports, State banks issue their annual reports only in Arabic, while some of the private banks issued both Arabic and English versions. In addition, Sahara Bank issued only English annual reports when it became a mixed bank. This indicates that changing in ownership could change banks' priorities; as the bank here started paying more attention to non-local users when a foreign partner entered the bank. Therefore, this indicates that with the changes in the ownership structure towards privatisation, banks seem to be willing to change their commitments and priorities away from local requirements. In terms of quantity of disclosure, some private banks have much higher levels of disclosure than public banks.

In the community category, the average percentage of disclosure is approximately 25%, which is very low. This indicates that banks do not perceive the necessity to communicate their social performances. However, some positive potential exists in community disclosure, such as interest-free loans to people who have low incomes and investments in unprofitable companies. This positive potential indicates possibilities for emancipatory change that could contribute to eschewing repressive dimensions of accounting in society. These initiatives could contribute to a shift in accounting disclosure to more radical social accounting; as such disclosure is not necessary associated with business bases as is the case with mainstream social accounting.

In the Libyan context, customers' deposits represent about twelve times the total shareholders' equity.[92] This reflects the extent to which banks rely on customers' deposits to support their operations, and thus why they should try to satisfy them.[93] However, the analysis in this study shows that banks do not give customers much attention in their disclosures. Disclosures on items in this category were made by an average of approximately three banks (26% of annual reports). Although the customers' category had a higher percentage of disclosure than the community category, the quality of disclosure under the community category represented more radical forms of social activities. In the customer category it was difficult to track any type of disclosure that reflected emancipatory social accounting. The main areas of disclosure in the customer category were in the social and housing loans. There was no disclosure regarding human rights, nor in respect to customer engagement. The absence of Islamic banking products was also noted, despite the Islamic character of the Libyan society. However, banks were disappointingly silent regarding many other issues in terms of community and customers categories, rendering the social accounting more of a form of counter social accounting.

Banks disclosed relatively more under the employee category than in the community and customer categories. The average of disclosure for items in the employees' category was 45% of annual reports. The highest level of disclosure under the employees' category came under training and benefits, while the least disclosed information was on issues related to employees' engagement and human rights. This resembles mainstream Western social accounting, which attributes social initiatives according to the business's needs. Banks are mainly interested in aspects that help in profit. This notion has been reinforced by banks

[92] Unlike other sectors, in the banking sector customers/depositors represent the main source of banks' assets. Through the end of the first quarter of 2010, the total shareholders' equity of LCBs increased to 3,989,500,000.000 D.L against 47,006,700,000.000 of customers' deposits. Therefore, the shareholders' equity represents around 7% of the total assets of LCBs (CBL, 2010).

[93] For McDonald and Thiele (2008, p.171): "dissatisfaction is the major reason why customers switch banks".

that declared that among their objectives for training employees and developing their skills were the financial benefits of attracting new customers and enhancing the bank's performance (for example, Wahda Bank, 2005, p.7; BCD, 2006, p20; BCD, 2007, p.22; Sahara Bank, 2008, p.8; BCD, 2008, p. 32). Others linked employees' efficiency with the bank's performance (for example Wahda Bank, 2005 p.7; BCD, 2006 p20). The banks' attempts to justify additional costs towards employees contribute to the relatively high level of employees' disclosure. Such disclosure here might indicate the dominance of both conventional accounting and mainstream social accounting[94].

Yet, as is the case in the community category, there are also some positive potentials in the employees' category that might reflect a potentially emancipatory form of disclosure, such as insurance payments for employees and bonuses to all employees. Such disclosures move away from the more dominant economic disclosures that resemble those of a Western context.

The average disclosure for items in the economy category was about seven banks (68% of annual reports). This represents the highest level of disclosure among all categories. It also reflects the dominance of conventional accounting, which embraces shareholders' interests as a result of both legal requirements and Western imperialism impacts.

Shareholders' engagement disclosures represented the highest level of disclosure in comparison with other forms of stakeholder engagement. Stakeholder engagement is a key to social accounting structure[95]; however, the sample of annual reports reflects that banks

[94] In both Gray et al.'s (1995b) and Kamla's (2007) studies, disclosure in the employee category has a relatively high level of disclosure compared to other categories.

[95] Many previous studies confirm the importance of stakeholder engagement (see: Owen, et al., 2000; Thomsona and Bebbington, 2005; Islam and Deegan, 2008). It is difficult for banks or any corporation simply to claim they are trying to meet stakeholders' reasonable expectations without engaging and consulting with them. Cooper and Owen (2007) claimed that stakeholder engagement assists firms to enhance stakeholder accountability. Adams and McNicholas (2007) also perceived stakeholder engagement as an important tool for the sustainability reporting process and formulating the entity's role in society. Furthermore, they gave an

mainly focus on shareholder engagement and ignore other stakeholders. Shareholder engagement, in the form of the Assembly's annual meetings, was imposed by the Libyan Commercial Law (Libyan State, 1970). Although the regime's ideology and regulations promote meeting the important needs of the society and assumes that employees and other members of the community should be engaged in the decision making, it remains the case that the slogans have not been incorporated into business life in Libya, especially if we consider that community engagement, employees' engagement and, customer engagement were 3%, 3% and 7% respectively, while shareholders' engagement was 74%. That gives a strong indication that the banks pay most attention to their shareholders rather than to all stakeholders. Therefore, LCBs consider shareholders the main users of their annual reports. One reason for the lack of stakeholder engagement could be the absence of democracy and fundamental freedoms. In Libya, dialogue and acceptance of others' views has not been a prevalent feature in society as a result of the long period of colonialism and four decades of dominance by a holistic and totalitarian regime that curbed freedoms. In this regard, environmental disclosure presents the lowest level of disclosure of all the categories. Unlike the other categories where the disclosure was weak, in the environment category the disclosure was non-existent.

Another type of disclosure that may have a social responsibility dimension is banks' vision and goals that have been reported in some annual reports. This could be seen as an important indicator of sustainability; however, no banks mentioned sustainability explicitly, which may reflect a lack of awareness of the concept of sustainability. The achievement of sustainability requires banks to adopt specific strategies and policies, not merely to express their targets and visions. Some banks expressed their compliance with

---

example of stakeholders' engagement "by involving employees at the Team Leader level" (p.393). Stakeholder engagement may influence corporate behaviour through engaging them in corporate issues (Bebbington et al., 2007).

government regulations and laws. Such disclosure represents banks' attempts to tell the government/CBL that they follow a policy and are committed to the legislation. Thus, such disclosures may be described as conciliatory disclosure for both the government/CBL and the shareholders.

Further evidence of LCBs' compliance with government regulations and laws is in the absence of Islamic transactions. Due to government restrictions on them, Islamic transactions are among the most important things are missing in banks services, and reflects the State's contribution to marginalising their slogans. Also, LCBs did not address their report to parties such as employees, community or customers; they focused on shareholders and sometimes the Central Bank. This indicates that the shareholders and government/CBL have a strong lobby and thus their voices are more powerful than the other voices. Jaruga (1990) indicated that socialist economies perceive organisations to be accountable towards central government. In LCBs, the central government/CBL represents either shareholder/owner or legislator. This might explain why commercial banks in Libya addressed their report to shareholders and the Central Bank, and also why they try to justify any social activities in terms of the creation of profit for those shareholders.[96]

Most of the social initiatives in the sample of annual reports aimed to satisfy customers and employees. However, in social accounting strategy and policies are also important. Social responsibility is a moral obligation towards all stakeholders, including the community, and believes there is “value in interacting with society above and beyond simply satisfying customers and shareholders” (Salehi and Azary, 2009, p.65). However, merely trying to satisfy the customers may not be sufficient to fulfil social responsibility, it may not even be sufficient to assess their satisfaction, as “banks in many countries are experiencing a rise in

[96] Pratten and Mashat, (2009, p.314) concluded that business organisations in a socialist economy do not consider a wide range of stakeholders in their reporting, so 'their public accountability is limited... also, there is no obligation to offer information to the public'.

customer dissatisfaction concurrently with increased spending on CSR activities" (McDonald and Thiele, 2008, p.171). Disclosure towards customers and employees (providing a service or benefit) was often associated with (or sometimes justified by) achieving an attractive return to banks. To a large extent, this may reflect that the banks are providing services that are not manifested as a moral obligation or a sense of social responsibility. Therefore, society's needs are not as high a priority for them as their own interest in maximising profit. This also shows that banks attempt to satisfy shareholders by telling them that they care about increasing their income. Shareholders in Libya are focused on income as a priority as they lived for decades under a socialist umbrella, meaning the main income source for most people was their limited government salary. Shareholders therefore want to take the opportunity to achieve the greatest returns and consider social work to be a government responsibility. Therefore, such types of disclosure displace more radical forms of social accounting and reflect the mainstream of social accounting.[97]

In this context, social reporting by Libyan banks does not seem to reflect a culture that perceives interacting with society to go beyond the objective of mainstream Western social accounting or conventional accounting.

5.9.1 Reasons or Factors That Might Explain the Domination of Repressive/Counter Radical Forms of Accounting

Several factors appear to be relevant in explaining the insufficient disclosure of social information by LCBs' annual reports, some of them due to internal factors and others to external factors.

[97]In the literature, Khan et al. (2009) found that there is not much social disclosure available in annual reports. In addition, Barako and Brown (2008) reported that the level of social disclosure in their sample of banks' annual reports was very low. Other studies about social accounting disclosure in banks - and include other sectors- reached to that the level of disclosure of social information was not satisfactory and poor (O'Dwyer's, 1999; Abu-Baker and Naser, 2000; Sumiani, et al., 2007; Naser et al., 2006; Barako and Brown, 2008; Salama, 2008; Salehi and Azary, 2009).

5.9.1.1 The Gap between Ideology, Legislation and Implementation

There seems to be a gap between legislation and ideology from one side and disclosure by LCBs on the other. Whatever laws and regulations are promoted by the State, the question is how can they be implemented and who is the guarantor of the implementation. However, in Libya there are no civil society organisations, political parties, social pressure groups, free trade unions or free media outlets.

- **Socialist ideology, laws and regulations promoting equality**

Libya may not differ culturally, socially or religiously from other Arab societies; however, it has a completely different political and economic system that can impact on business as a result of, uniquely among Arab states, adopting a socialist ideology. The socialist ideology assumes that all institutions have a social and public responsibility; the People's Congresses should control the functioning of these institutions, and ensure that they are working to serve the community in the first instance, thus business organisations can be managed in the public interest. The State defends the rights of the community and employees and invites institutions to consider them as decision-makers. However, the status quo of social disclosure and practice differs completely to the regime's claims.

There are regulations and laws that require companies to take account of their communities, workers and other stakeholders, which would appear to push companies including banks towards emancipatory social accounting (see chapter four). For example, the State issued legalisation regarding women, employees and community, as well as laws focusing on human rights. However, most of the time these remained slogans and were not implemented in practice. The level of disclosure in banks' annual reports shows the human rights disclosures ranged between 0% and 3%. The lack of disclosure could be due to the sensitivities of human rights issues and freedom issues in Libya, meaning banks may desire to avoid these types of disclosure. Another reason is that no one might ask about these issues, especially given the absence of local human rights organisations. The regime in Libya was unique in terms of its theory and slogans; however, it was also unique in its corruption and lack of freedoms (see chapter four). The conflict and confusion between the State laws, regulations and ideology, as well as in the slogans and principles of freedom and justice, which are not really applied, contributed to the creation of layers and elites in the Libyan society and the spread of corruption through different State's institutions. The elite adopted the State thought and benefited to make themselves rich and accumulate wealth, as well as enjoying higher living standards, and they took advantage of the gap between theory and practice in the laws and regulations to promote their own interests. In addition, the "colonial powers and foreign global capitalists used them as imperial agents to consolidate the imperial economic interest locally" (Bakre, 2004, p.22). The conflict between socialist ideology, regulations and laws, coupled with liberal laws and regulations, may have contributed to deepening the ambiguities in LCBs' annual reports and the presence of different orientations of disclosure.

- **Other laws and regulations promote for counter radical form of accounting/social accounting**

The Libyan Commercial law (1970) described the accountability requirements that companies should discharge (Libyan State, 1970). This law obliges companies to prepare balance sheets and profit and loss accounts and other related details, such as estimating the assets, distributing profits to shareholders, decreasing the invested capital and establishing legal reserves. Also in that law, Article 572 mentioned that companies have to attach a report explaining how the company manages its business to their balance sheets. It is thus argued that the Libyan regulations and laws imposed by the Libyan government, legislators or CBL have no direct implication on social accounting disclosure -none of them asking/imposing for social disclosure. This leads to the assumption that these packages of legislation are insufficient to make banks disclose their social initiatives (if any exist). The disclosure in banks' annual reports, however, takes a liberal nature (repressive or counter radical social accounting) in terms of focusing on shareholders and their needs and maximising profits. Also, Libyan laws and regulations are influenced by liberal tendencies. Market liberalisation, increased privatisation and the establishment of a stock market are far from traditional socialist ideologies and the dictates of cultural heritage of Libyan society. Therefore, these tendencies displace more radical forms of social accounting.

- **The lack of freedoms that impede emancipatory potential**

NGOs, trade unions and other means of freedom are regarded as orientation tools in reporting. In this regard such tools could "act on behalf of society" by engaging with banks in their reports (Tilt, 1994, p. 47). Also, they could influence entities' behaviour by mobilising public awareness and action against any repressive form of accounting. Thus, NGOs (and other tools) could help to improve the well-being by helping to improve accounting for enabling emancipatory potential (Gallhofer and Haslam, 2003). For Tilt (1994, p. 47) "community pressure groups are a major source of influence on companies" social disclosure practices'.[98] In Libya, after the long period of colonialism, it was then governed for four decades by a holistic and totalitarian regime that curbed freedoms. The absence of much in the way of freedom, political parties, a free media and civil society organisations, alongside political and economic corruption are the dominant features in Libyan life. There was no way to guarantee the ostensibly socialist commitments and slogans vis-à-vis society or interested parties would be implemented. So, adhering to

[98] For instance, there are some NGOs that exclusively aim to provide shadow reports which can be compared with the silent reports of an entity. For Dey (2007, p. 311) "current experiments with counter-accounting and counter-information are perhaps more likely to owe their existence to civil society and the work of various campaigning NGOs than to the efforts of accounting academics".

Western values – as a result of the educational system and international standards – is more accepted than adhering to an ideology, regulations and laws.

5.9.1.2 The Impact of Globalisation and Western Imperialism

Globalisation requirements in the Libyan context could have a negative impact,[99] such as creating a large gap and conflict between local values and dealings in daily life. Such challenges can be identified as "the dominance of Western Anglo-American" values in Libya and the Arab world (Kamla, 2007, p.117).

- **Accounting profession (international accounting and auditing standards)**

The impact of globalisation is clearly visible, especially in the accounting and auditing professions where professionals and practitioners depend on international standards shaped primarily by Western imperialism (Bakar, 1997; Ahmad, 2004; Sharia, 2010). In Libya, the accounting system brought and used by British and U.S. oil corporations in the early sixties has had a major influence on accounting practice (Saleh, 2001). Adopting the accounting and auditing of the West means the generated system is not in line with the local context. According to Sharia (2010, p.11), such standards "drive Libya's accounting profession further towards a western model". International standards could contribute to the consolidation of Western values instead of the local. They also contribute to the fostering of a "westernised" socio-cultural, economic and political environment in Libya. As the characteristics of the Libyan environment differ from the Western environment, the

[99] It could have a positive impact as well. The social and environmental impact of a company's activities attracts a wide and high level of interest, which may go far beyond local stakeholders to global interests as a result of international initiatives and guidelines. In a globalisation framework, there is potentially a set of global standards that may exceed the quality and accuracy of regional standards in some developing countries, and may contribute to enhancing social responsibility. The inclusion of some criteria aims to protect society from the financial dangers. For instance, according to CBL regulations, all Libyan commercial banks have to comply with The Basel Committee on Banking Supervision within the framework of international efforts to combat money laundering and financing of terrorism. Another example for this study is the use of GRI criteria and other studies, which could be seen as a result of globalisation's impact. That represents the positive face of globalisation, as the previous studies of GRI criteria could give an opportunity to achieve a broader human practice involving more meaningful conceptions, socially and environmentally.

inefficiency of economic activities in Libya and the dominance of the public sector differ from the case in Western countries. Also, the Libyan economy depends on oil and gas revenues for funding various economic activities. Thus, the accounting generated from international standards does not reflect the information needed in the Libyan context.

International accounting and auditing standards are imposed and required by Libyan laws and regulations. As part of CBL, "Monetary policy trends in the next stage... Continuing the restructuring process of the banking sector through the expansion of its ownership base by selling the shares of Central Bank of Libya in the capitals of the commercial banks, the implementation of the international accounting and auditing standards" (CBL, 2006). Adopting international accounting standards confirms the dominance of the culture of imperialism, which could be seen as a cultural legacy of colonialism which contributes to the continuation of the Western hegemony. Given that such hegemony exists, looking for accounting standards that serve the local interest seems important.

- **The impact of Western education**

The impact of globalisation and the postcolonial experience is not only on professional accounting system. In the Libyan context, globalisation and the postcolonial experience are also shaping accounting education, thus shaping the issue of accountability in the Libyan context. As a result of the postcolonial experience and globalisation, many developing countries, including Libya, have borrowed their accounting education from Anglo-American systems without thinking about how to serve national objectives or enhance accountability. As mentioned previously, the accountability requirements in developing countries are not necessarily similar to those of developed countries (Sharia, 2010). The adoption of Western accounting education creates accountants and auditors that do not understand the requirements of the local economy as they are motivated by Western values, and thus contribute to enhance the current global capitalist order, and thus play a repressive potential of accounting in society. For example, Libyan universities do not include social and environmental accounting within the contents of accounting subjects (Ahmad and Gao, 2004). Environmental issues are therefore not considered by accountants, as they are generally not taught environmental and social issues. Also, most curricula of accounting courses at universities focus on financial issues, neglecting social issues and paying less attention to management or government accounting. The impact of cultural imperialism and globalisation on accounting education renders the accounting role in the local context questionable. As the accounting education that grew through postcolonialism and colonialism usually work to serve colonial interests (Annisette, 2000), cultural imperialism could constrain local intellectual development by blurring the local identity and replacing it by Western values (Woolman, 2001; Mama, 2004; Teferra and Altbach, 2004).

- **Voluntary disclosure policy**

Voluntary disclosure allows banks to disclose whatever they think will serve their interests, and cover it up otherwise. Therefore, voluntary social accounting indicates counter-radical social accounting that stems from the business organisation's needs. Thus, talk about the emancipatory potential of social accounting is questionable in light of being voluntary. The problem in Libya is even more acute due to the absence of non-governmental organisations that sponsor and monitor social action in companies. Global movements and initiatives, such as the GRI, have been created under Western supervision. As such, "They exhibit a limited vision and substantively end up aligning social accounting with hegemonic forces, thus promoting a form of counter radical social accounting" (Gallhofer and Haslam, 2003, p.130). Thus, most of the time they represent counter-radical social accounting and Western business needs and their contribution to social accounting to act as an emancipatory practice is not effective, and is used by organisations to legitimatise their activities. Accordingly, manifestations of social accounting have a repressive tendency more than an emancipatory tendency. As it designed to service under the pretext of social accounting and therefore might be more repressive conventional accounting. Voluntary social accounting in a Western context is supported by NGOs, media, and sometimes government regulations (see Tilt, 1994; Gallhofer and Haslam, 2003). However, in Libya, as mentioned previously, there are no NGOs or free unions, so these are not among the factors that drive banks to act responsibly. Libyan banks depend on Western models for technology, developing services and training programmes. The Deputy Governor of the CBL confirmed the need to focus more on compliance with international standards in the banking sector development and training in mechanization and technology, thus considering international standards in this regard (Al-Shukri, 2007). All of that could be seen as an impact of globalisation. There are similar effects seen in banks' management, for example some banks' management handed power to the foreign partner, even though the foreign partner's shares did not exceed one fifth of the total.[100].

All of the above-mentioned reasons contribute to the lack of emancipatory, accountable and transparent social reporting practices by Libyan banks. The concern is that in an environment of increased liberalisation and privatisation of Libyan banks, the lack of regulatory requirements for social disclosure may further displace important social issues from public scrutiny. This could leave Libyan banks less accountable and regress many of the social policies put in place by the socialist Libyan government in the past to ensure that banks play a positive social role in society.

[100] E.g. In Sahara Bank, bank's management was given to a foreign partner, even if the foreign partner's share of Sahara Bank was only 19%.

To sum up:

Most of the LCBs' reports reflect 'good news'. Most of the information given is monetary rather than narrative. The highest levels of social disclosure were on economic factors, employees, customers and the community; however, the levels of emancipatory social accounting vary between them. E.g., it is difficult to find any type of disclosure that reflects emancipatory social accounting in the customer category as most of such disclosures are forms of repressive or counter-radical social accounting. Although the customer category has a higher percentage of disclosure than the community category, the community category has some positive potential, such as reporting on offering interest-free loans to people who have low incomes and making investments in unprofitable companies (and thus portraying this as a norm). This positive potential indicates the possibility of emancipatory change that could contribute to eschew repressive dimensions of accounting in society. There is also some positive potential in the employees' category, such as making insurance payments for employees and giving bonuses to employees (again potentially instituting a norm).

Disclosures under the environment category were absent. Neither the law nor the regulations issued pursuant thereto directly pointed to the role of the banking sector or any financial services in environmental issues. The economy category also reflects the dominance of conventional accounting and its mobilisation as a repressive form of accounting to embrace shareholders' interests as a result of both legal requirements and the impact of Western imperialism. It should be noted that the lowest level of disclosure concerned human rights. The lack of disclosure could be due to the sensitivities toward human rights and freedom issues in Libya, meaning banks may wish to avoid these types of disclosure. Disclosure in the stakeholder engagement category was very low as well. In Libya, the culture of dialogue and listening to the others' opinions has not been easy to develop as the long period of colonialism and the passage of four decades of dictatorship and authoritarian rule curbed such freedoms. Most of the key LCBs are owned wholly or partly by the government/CBL, reflected in the fact that the banks' commitment towards shareholders follows the instinctive commitment towards the government CBL. The conventional form of accounting is dominant in LCB disclosure and mainstream social accounting present as well. Although, there is some positive potential in LCBs' disclosures, some of the factors that shape LCBs' disclosure as repressive or counter-radical forms of accounting/social accounting, include: (1) the failure of the State to implement socialist slogans; (2) the impact of globalisation, postcolonialism and Western imperialism (seen in Western accounting education and Western accounting profession, international accounting standards and voluntary disclosure); and (3) the absence of NGOs, freedom, free media and free trade unions.

Chapter Six: The Second Empirical Investigation, Interviews with Social Actors

6.1 Introduction

Interviews can help to understand the development of social accounting practices in Libya’s commercial banks. They also provide an opportunity to identify the link between social accounting disclosure and practice in LCBs. Interviews can give us information regarding the government’s role in supporting banks’ social accounting and responsibility towards radical social accounting. Furthermore, globalisation and the Western impact can be highlighted. There is a greater opportunity to understand social actors’ views/attitudes and knowledge regarding the topic under discussion and their vision regarding the future.

Social practice can be learned about by observation or conversation with social actors in the real world. This study conducts interviews with social actors who represent key stakeholders of LCBs. In this study, using interviews alongside content analysis/disclosure index could make the data more credible and enhance the argument. The first section of this chapter reviews the importance of interviews in qualitative research in general and social accounting research in particular. The first section will also discuss processing and practising interviews. The last section will focus on the analysis of the interviews according to five themes: First theme, stakeholders' attitudes/perceptions towards social accounting and responsibility, and the role of banks in society. Second theme, social responsibility practices in LCBs. Third theme, understanding LCBs’ social disclosure and non-disclosure. Fourth theme, the impact of the State’s role and ownership structure on banks’ social responsibility. Fifth theme, the required change to develop banks’ social accounting and responsibility.

6.2 Interviews as a Research Method

For Kvale (1996), the interview is basically a questionnaire administered personally in conversation with an interviewee. In interviews, however, there is more room to follow up on important questions and encourage the participants to explain what they mean. The interviews allow an interactive dialogue between interviewer and interviewee, and a deep understanding regarding the real world (Drever, 1995; Kvale, 1996; Gillham, 2000; Kvale, 2007; Roulston, 2010). Interviews can be designed on the basis of creating an open discussion, with the possibility of generating new questions to better understand the current situation (Kvale, 2007). The interviews and their results do not depend exclusively on the quality of the questions raised, but also on how the researcher conducts the dialogue. The goal of the interview should be determined clearly so the dialogue and debate can serve the interviews' purposes (Kvale, 1996; Kvale, 2007). Interviews allow social actors to describe the world through their experiences and their own perspectives using their own words. Interviews, therefore, are subjective and rely to a large extent on the researcher's interpretation (Kvale, 1996).

6.2.1 Interviews in Qualitative Research and Social Accounting Research

Kvale (2007, p. 1) deemed qualitative research an attempt to understand and explain the social world, so:

> "if you want to know how people understand their world and their lives, why not talk with them? [...] Through conversations we get to know other people, get to learn about their experiences, feelings, and hopes and the world they live in…The research interview is an inter-view where knowledge is constructed in the inter-action between the interviewer and the interviewee".

Interviews are considered a very flexible technique and one of the major methods of collecting data in qualitative research (Drever, 1995). Foddy (1993) saw oral statements as 'verbal data' and the dominant element in the social sciences. The trend for interviews and questionnaires has been marked since the forties. In social research in general, and in social accounting in particular, interviews have been widely used to collect empirical data about the subject under discussion (Gallhofer et al., 1999; Lodhia, 2003; O'Dwyer, 2003; Kuasirikun, 2005; Jamali and Mirshak, 2007; Gallhofer et al., 2006; Owen, 2008; Georgakopoulos and Thomson, 2008; Bulut and Yumrukay, 2009; Maccarrone, 2009; Gallhofer et al., 2011). Gallhofer and Haslam (2004, p. 399) called for the need to depart from the traditional approach of accounting research methods and for the "usage of various forms of narrative, e.g., interviews, oral histories, self-reflection and conversations" to improve the accounting role in understanding the surrounding circumstances.

Although interview questions have been organised in different ways by researchers in accordance with their topic and theoretical perspective, most qualitative research has failed to clarify the relationship between theory and method (Roulston, 2010). This may make it difficult for novice researchers to link them, especially when they are designing the interviews and formulating their questions (Roulston, 2010). Pawson (1996, p. 299) thinks that "theoretical considerations are seldom taken to have such an immediate 'reach' into the world of data and the concerns of the subject". Such arguments reinforce the need to place the interview questions within a theoretical framework (theorising interviews).

6.2.2 Theorising Interviews

Researchers have tried over the past decades to discuss accounting's role in society beyond the mere economic performance of an organisation. This is probably one of the main reasons that have prompted accounting scholars to borrow social theories for their research to understand accounting contextually as well as for accounting emancipation (Laughlin, 1995; Gallhofer and Haslam, 2003). According to Roulston, (2010, p. 3), theorising:

> "is the process by which we go about constructing these statements in relation to what is already known about the issue…how interview data are generated".

As a researcher adopts a specific theory/approach to conduct the research, he/she should consider that approach when designing the interview structure and questions. According to Roulston (2010, p. 3), considering "these issues during data analysis may be too late". Furthermore, Foddy (1993, p. 12) thinks:

> "If we want to improve our ability to formulate questions which work in the way we want them to work; we must understand the methodological implications of the assumptions underlying the procedures we use".

Researchers should consider the dynamic and thematic dimensions[101] when preparing interview questions (Kvale, 1996; Kvale, and Brinkmann, 2009). In this research, the critical theoretical approach has been adopted. Such an approach - as explained in Chapter Two - does not merely aim to understand and interpret the real world, but also to mobilise and to change the status quo for the better (e.g. by considering and consulting social actors). This approach makes the researcher understand the practice in its general framework and through the prevailing ideological outlook. Pawson (1996, p. 299) believes that "the researcher's theory is the subject matter of the interview and the subject is there to confirm or falsify and, above all, to refine that theory". Moreover, as critical theory considers past and future dimensions, so in interviews the researcher should consider "not only the insights into the past but also the methodological tools for change in the future" (Laughlin, 1987, p.482). Accordingly, three dimensions of critical theory must be considered in the interview questions: (1) linking theory to practice and criticism of the status quo with seeking to change for the better world; (2) considering the entity in its historical and social context and the ability of individuals to adapt and live with the

[101]The 'thematic dimension' reflects a theoretical conception as part of questions/investigation, while 'dynamic dimension' means a good/positive interview interaction (Kvale, 1996, p.129; Kvale and Brinkmann, 2009).

proposed change; (3) social actors should be consulted in relation to the proposed change to know whether change is acceptable, and whether they are able to deal with that change (see Laughlin, 1987). To deepen the dialogue in the interview and considering the theoretical aspects, it is better for the interview's questions to be flexible.

6.2.3 Semi-structured Interview

A good opportunity for discussion, dialogue and getting interviewees' opinions can be offered by semi-structured interviews, as the discussion and questions can be re-designed during the process of interviews (CEMCA, 2010, p.36). For Kvale (2007, p.11), the semi-structured interview:

> "Seeks to obtain descriptions of the interviewees' lived world with respect to interpretation of the meaning of the described phenomena…it involves a specific approach and technique…it is neither an open everyday conversation nor a closed questionnaire".

Also, Drever (1995, p.1) states that, in semi-structured interviews:

> "…the interviewer sets up a general structure by deciding in advance what ground is to be covered and what main questions are to be asked. This leaves the detailed structure to be worked out during the interview".

Interviews give high-quality data as they rely on getting data directly from the social actors. Semi-structured interviews allow them to tell their story and communicate what they think about the subject (Kvale, 2007). Semi-structured interviews may be more than merely questions and answers between interviewer and interviewee. They are an interaction between the two, in attempting to understand the world as it is seen by the interviewees, learning from interviewees and gaining knowledge about their world (see Foddy, 1993; Drever, 1995; Kvale, 1996; Gillham, 2000; Kvale, 2007; Roulston, 2010).

6.3 The Interview Process

6.3.1 Designing an Interview Guide

Drafting understandable questions represents a critical step in organising an interview. As the interview questions are written in academic language, some of them may be difficult for interviewees to understand. Although the researcher will be there to explain, questions should be easy to understand (Kvale, 2007). Hence, it is appropriate for the researcher to formulate two lists of questions, the first in academic language - to be included in the research - and the second "translated into the vernacular as questions” for the purpose of presenting them to the participants (Kvale, 2007, p.65). In this research, as the interviews were conducted in Arabic, the researcher translated the academic research questions into simplified Arabic.

One of the key questions that must be considered carefully is “Who should be interviewed?” since understanding the social world depends to a large extent on the social actors. Those social actors must be aware of and familiar with the environment in which they live.

6.3.2 Selecting the Interviewees’ Sample - Interviewing Social Actors

Stakeholders as a term is not recognised legally (Crane et al., 2005). It is just a term to explain who the interested parties around the entity are. Thus, ‘there is really no settled meaning within the academic discipline of law as to what a stakeholder is’ (Crane et al., 2005, p. 67). Several studies indicate the key stakeholders of the banking sector. However, those stakeholders could include[102] managers, customers (depositors and borrowers), shareholders, employees, community and regulators (Jeucken and Bouma, 1999; Cooper,

[102] For Khan (2010, p. 86), "In banking context, depositors and borrowers are the major stakeholders of banks which represent extremely large and diverse stakeholder groups. As a result, in addition to shareholders and managers, depositors and regulators have a straight stake in bank performance". Also for Kama and Chuku (2009, p. 4), "The principal stakeholders are the shareholders, board of directors, and management. Others include employees, suppliers, customers, regulators, government and the community at large".

2004; Griffith, 2007; GRI, 2008; Kama and Chuku, 2009; Khan, 2010). After determining the key stakeholders to be interviewed, interviewees were often selected through personal relationships and by connections with friends (within the functions/jobs specified in advance for the study). Also, letters from supervisors and the Cultural Affairs Department of the Libyan Embassy in the UK were provided (see: Appendix 3). Once each interview was finished, the researcher arranged the next one by asking for recommendations from the interviewee, in order to facilitate the next person to be interviewed. It was not difficult to arrange interviews; however some circumstances hampered conducting interviews, such as absence of interviewees and some administrative bureaucracy. This study considers the key stakeholders in the LCBs to include: board directors, academics, employees, accountants, external auditors, managers of branches, general managers, corporate shareholders and directors of the CBL. However, interviewees were also selected from outside banks, (such as external auditors, academics and corporate customers) and from various banks, including: Gumhouria Bank, Commerce & Development Bank, Sahara Bank, Wahda Bank, National Commercial Bank, Waha Bank, Aman Bank, Alejmaa Alarabi Bank, Mediterranean Bank, United Banking, and CBL. The researcher, tried to choose interviewees, who could help in addressing the research purposes. For the researcher, choosing the right interviewees for the study may lead to more realistic and credible results in the context, therefore, interviewees were selected on the basis of their relationship and position in LCBs, especially in relation to accounting and disclosure. For example, the presence of managers and board directors within the interview sample enabled the researcher to identify the current status of the disclosure, as well as their vision for the development of disclosure (way forward). Moreover, for the research purposes, the external auditors of banks have been considered, as auditors have more information regarding accounting disclosure and practice in banks. In addition, as auditors live in the social world, they are familiar with the bank's operations.

6.3.3 Transcription of Data

Interview transcription relates to transferring/translating the oral dialogue of interviews into the written form (Kvale, 2007)**.** As there is no form or specific steps to prepare or conduct a semi-structured interview, there is no form or specific manner of transcription[103]. Both, however, depend on the researcher, the objectives of the interview and the purpose of the research. Therefore, a researcher should think about how to carry out transcription (Kvale, 2007). Most of what people say in interviews 'is redundant' (Gillham, 2000, p. 60)[104]. The issues here include: does a researcher need to transcribe all oral statements or the substantive statements only? For this research, the researcher transcribed the interviews in Arabic to 'generate findings' then translated related statements (Roulston, 2010, p. 108). After the transcription process, text statements were classified into specific themes. Such a step helped the researcher to understand and explain the text more clearly. The transcription issue leads us to a discussion of the reliability and validity of interviews.

6.3.4 Reliability and Validity

Reliability can be achieved when two persons working independently reach the same results by translating the same text that was previously recorded from the interview. Also, listening again to the tape could strengthen the interview's reliability; it could help in reconsidering some of the texts that have been subject to 'mishearing and misinterpretations' (Kvale, 2007, p. 98). However, many researchers think it is unnecessary

[103] Transcribing an interview "depends on the quality of the recording, the typing of the transcriber and demands for details and exactitude" (Kvale, 2007, p.94).

[104] During the interviews, some people digressed from the subject, so most of the statements were redundant. To solve this, the researcher transcribed all statements in the language of the original interviews (Arabic). However, for the analysis and themes selection, the researcher only translated the substantives statements relevant to the subject and this will be subject to analysis.

to use reliability and validity in qualitative research[105]. Cai and Wheale (2007, p. 276) thought that, in semi-structured interviews, reliability and validity could not be subjected to rigorous testing. In fact it is difficult to demonstrate research validity, as social/qualitative research requires the personal perspective of the researcher to be involved (Roulston, 2010). This is assuming that the interviewees have expressed their views with honesty and integrity regarding the subject of the interviews (Roulston, 2010). However, the researcher here has undertaken some steps to ensure reliability and validity. Such steps include: listening again to the recording, following the correct method of conducting interviews and taking into account the interviews' general and specific limitations.

6.4 Practising Interviews

6.4.1 The Interviews' General and Specific Limitations

The interviews' general limitations represent those associated with interviews as a research method, while the specific limitations are those occurring during this research.

A limitation in the number of interviews leads to a limitation in the generalisation of the findings (Foddy, 1993). The key aim of interviews here is to explore the real world as it seen by the representative sample/social actors who live in it (Hanafi, 2006). The responses and attitudes of interviewers are what matter, as social research deals with subjective interpretations (Marshall and Rossman, 2010).

Interview documentation is another issue. This limitation is related to collecting data during the interviews, as the researcher may not be able to write down the words as fast as they are spoken by the interviewee. Using a recorder during interviews might help to solve

[105] Andreani and Conchon (2005) as quoted by Ocler (2009, p.176): "Qualitative validity does not correspond to the traditional validity paradigms. Moreover, one cannot apply to qualitative validity the rules of internal validity, external validity and reliability". O'Dwyer (1999, p. 212) reported that: "Qualitative methods will never achieve perfect reliability, nor should they be expected to if valid studies of the real world are to be produced".

this issue. During the interview and in transcription, recording interviews makes the interview process much easier. It gives the researcher a chance to focus on the dialogue and take notes as well as saving interviewees' time (Foddy, 1993; Kvale, 1996; Kvale, 2007). Recording interviews, however, could raise some difficulties. In some contexts interviewees refuse to be recorded (in this study seven interviewees refused). Also, recording interviews might make interviewees extra-cautious in their answers (Foddy, 1993). Hence, to grant more comfort to interviewees in the conversation, it was also clarified to them that the recorder can be switched off if the interviewee preferred not to record sensitive statements in the interview, and this happened in five interviews.

When interviewees objected to a recording being made, the researcher took extensive notes during the interview instead. These notes were written up (transcribed) immediately after the interviews. Even for those who agreed to record the interview, some notes were written down for many reasons, such as helping the interviewer to raise other questions as a result of the interviewee's answer. Sometimes the noise of the tape might hinder the transcribing process; also some of the transcription text might not be used in the analysis, due to its irrelevance to the subject (Zain, 1999).

Another limitation in conducting personal face-to-face interviews is the high cost of interviews, which reflects often the distance of respondents[106]. Also, some interviewees were reluctant to answer questions they perceived as sensitive, such as questions relating to the government's role and State ideology. This prompted the researcher to re-word some questions in a way that corresponded to the interviewee's personality, in order to get the answer without reservations. Besides, to make an interviewee feel comfortable during the

[106] For instance, the researcher conducted interviews in different cities, the distances between some of them reaching 1,000 km. in Tripoli, in the west of Libya, and in Benghazi (1,000 km from Tripoli), and then in Misurata.

interview, the researcher assured each interviewee that there were no correct or wrong answers.

6.4.2 The Researcher's Steps to Conduct the Interviews[107]

The interviews were conducted over eight weeks in the period between 26/05/2010 and 16/07/2010 and ranged from 35 minutes to 90 minutes. Most interviews were conducted in the interviewees' workplace, with the exception of two interviews that took place in the interviewees' homes. Interviews started by gathering background information about the interviewee. The researcher provided information about himself, and the nature of the research. He also provided letters from supervisors and the Cultural Affairs Department of the Libyan Embassy in the UK (see: Appendix 3). He emphasised to participants that information garnered would be used for research purposes only. In this research, a number of open-questions were prepared in advance before the start of the interviews. These questions addressed and reflected the research questions which built on the theory and the literature (see: Appendix 2). Moreover, during the interview the researcher asked interviewees to provide further details and a description of their answers when needed. The researcher was careful not to interrupt, even if the interviewee moved away from the context of the question. The questions' sequence remained the same for most interviews, but there were some changes in the question order and the selection of various words according to the circumstances of the interviewees. Adding new questions, however, was dependent on the circumstances of each particular interview.

To get more credible answers, the researcher steered clear of asking direct questions relating to the respondents. The researcher put the more important questions at the beginning of the interview, because he believed that the earlier questions received more

[107] Many authors give prominence to how the interviews are organised and run (Foddy, 1993; Drever, 1995; Pawson, 1996; Kvale, 1996; Gillham, 2000; Kvale, 2007; Kvale, and Brinkmann, 2009; Roulston, 2010).

attention than later questions. Another issue that has to be considered in interviews is the cultural context, as this has an impact on interviewees' willingness to answer questions or to determine the direction of the answers (Foddy, 1993)[108]. It was better not to adopt a rigid template of questions.[109] Therefore, it was decided to adopt the semi-structured interview.

6.4.3 Interviewees' Background

From Table 6.1 it will be noted that some interviewees have more than one professional background. The first language of all the interviewees is Arabic.

Code	Occupation	Experience years	Qualification	Subject
A1-Bod	Board director of bank	25	PhD	Accounting
A2-Bod	Board director of bank	20	PhD	Accounting
A3-M	Director of Banking Operations	37	Esc	Accounting
A4-E	Employee of banks	20	Esc	Business management
A5-E	Employee of banks	25	Esc	Law
A6-M	Manager of bank branch	12	MSc	Accounting
A7-Co	Credit Officers	20	Esc	Economy
A8-E	Employee of banks	10	Esc	Accounting
A9-M	Manager of branch	35	Other	Other
A10-Ac	Accountant in bank	11	MSc	Accounting
A11-Au	External Auditor of banks	35	MSc	Accounting
A12-Au	External Auditor of banks	25	PhD	Accounting
A13-Au	External Auditor of banks	10	MSc	Accounting
A14-R	Director in CBL	18	MSc	Economy
A15-M	General Manager in bank	30	Esc	Accounting
A16-Ac	Accountant in bank	3	MSc	Accounting
A17-R	Director in CBL	18	Esc	Accounting
A18-RT	Manager of training centre in CBL	12	Esc	Accounting
A19-S	Corporate shareholder/customer	25	Esc	Accounting
A20-Au	External Auditor of banks	42	Esc	Accounting
A21-A	Academic	8	MSc	Accounting
A22-E	Administrator in bank	10	Esc	Business Management

Table (6.1) Information Regarding Interviewees

Due to their experience and high qualifications, some interviewees have more than one occupation e.g. A1, A2, A12 and A13 are academics and members of accounting staff in addition to their main occupation.

[108] In general, generosity in giving information depends to a large extent on the social relationships, so the researcher did not expect an interviewee to give sensitive information.
[109] Since the semi-structured method depends on dialogue, debate and the possibility of adding questions according to the dialogue.

The researcher prepared both Arabic and English versions of the interview guide and questions before conducting the interviews. The average duration of an interview was 40 minutes. The total number of interviewees was 24; nevertheless, two interviewers were excluded. As Table 6.1 shows, 21 out of the 22 interviewees had graduate and postgraduate qualifications. 50% had a bachelor's degree, 32% have MSc qualifications, and 14% have PhD qualifications. Just one interviewee has no such degrees. Also, 72% of them have accounting qualifications, while the remaining percentage was distributed between business management, law and economy. Further, the table shows that 90% of interviewees have experience exceeding ten years.

6.5 The Interviews Analysis

According to Gillham (2000, p.59), the content analysis of interviews constitutes:

> "Organising the substantive content of the interview: the content that is of substance. So there are two essential strands to the analysis…identifying those key, substantive points… putting them into categories"

The themes in this study have been formulated and prepared depending on participants' answers and dialogue as well as the thesis aims, questions and theory. Each copy of a transcription/written statement has been revised more than once and compared with oral statements (when available). A specific code is given to each interviewee. Such steps are conducted in order to facilitate the process of analysis and discussion and guarantee interviewees' anonymity.

6.5.1 Selecting Themes to Organise and Analyse Interview Answers

The transcribed text statement was summarised into five main themes:

- **First theme:** Stakeholders' understandings and attitudes towards social accounting and responsibility and the role of banks in society.
- **Second theme:** Social responsibility practices in LCBs.

- **Third theme:** Understanding LCBs' social disclosure and non-disclosure.
- **Fourth theme:** The impact of the State control and ownership structure on banks' social responsibilities.
- **Fifth theme**: The required change to develop banks' social responsibilities (ways forward).

6.5.2 First Theme: Stakeholders' Understandings and Attitudes towards Social Accounting and Responsibility and the Role of Banks in Society

'Attitude, in a broad sense, means somebody's tendency to react to any event or object in his/her environment' (Tomal, 2010, p.1729). The interviewees' attitudes regarding the subject under discussion are important, as the interviewees represent the key social actors in the real world. Therefore, the researcher assumes that, before starting any real questions about social accounting, it is important to know their attitude/perception towards social accounting and responsibility and their view regarding the role of banks in society.

Few interviewees provided a specific definition of social accounting (academics and external auditors). However, when the researcher explained to them what social accounting meant, Interviewees' responses showed that the vast majority of them recognised the social accounting concept and considered it to be beneficial to banks' social responsibility. Some interviewees provided their understanding of social accounting and/or banks' social responsibility.

> "Social accounting or responsibility can be measured by the bank's contribution to the surrounding environment" (A21-A).
>
> "Social accounting is interested in recording the financial implications of non-economic activities of organisations" (A1-Bod).
>
> "Social accounting governs the relationship between society and the institution" (A2-Bod).

Another interviewee - an academic and external auditor - thought that social accounting responsibility referred to sustainability concepts:

> “Sustainability: if you are not able to plant a new tree, at least keep the existing tree. Try to protect the environment, by providing initiatives towards it. If you cannot add anything to the environment, do not harm it” (A12-Au).

In the literature, there is confusion in using CSR as a term; CSR could mean corporate sustainability reporting, or corporate social responsibility or corporate social reporting. In addition, other terms have been employed in social accounting, such as 3BL, social audit and green accounting (see Chapter Three). All these concepts fall within the common rules of social accounting, in the context of social, environmental and economic issues, where social accounting represents the generic term (Gray et al., 1997). Thus, as the interviewees’ responses reflect their Western educational background, they also reflect the confusion in the definition that exists in the literature. Although interviewees’ responses were positive, they were general responses and open. Such responses addressed the interviewees' understanding of social accounting. The interviewees who linked social accounting with non-economic and environmental issues were academics and external auditors (see Table 6.1). It is noticeable that the interviewees who provided their understanding of social accounting were among those who had high qualifications and were educated in the West. Thus, they are influenced by the Western educational background in giving their definition of social accounting. Interviewees did not provide a definition of or their perspective on social accounting in the Libyan environment as imposed by Libyan customs and traditions. Instead they reflected a mainstream Western social accounting perspective as highlighted in the Western literature.

Only two interviewees expressed a negative attitude towards social accounting.

> “Accounting is only related to figures; it is, therefore, difficult to talk about the social role of accounting” (A3-M).

And:

> "Accounting would serve the purposes of the organisation alone" (A5-E).

These two interviewees considered only the narrow financial dimension of conventional accounting. Conventional accounting traditionally has financial concerns so it does not consider the social consequences of banking activities. Accounting education in Libya focuses on financial issues and ignores social and moral considerations. Therefore, it is not surprising that some people are affected by conventional accounting and express a negative attitude towards social accounting. This does not mean the rest of the interviewees realise the social role of accounting. Many of them consider accounting a matter of numbers, double-entry and budgets, so it seems at face value that this is just technical. However, as mentioned, when the researcher explained to them the social role of accounting and what social accounting meant, most of them accepted the concept. The exclusion of the social dimension of accountability contributed to the neutralisation of local values. Considering accounting as merely figures and focusing only on the financial consequences of entities' activities mobilised accounting as a globalised Western phenomenon, thereby enhancing Western values at the expense of local values, and thus highlighting the repressive potential of accounting in society (Gallhofer and Haslam, 2003; Kamla et al., 2006).

Interviewees expressed their views regarding CSR and the role of banks in society. Most interviewees perceived that banks have a social role in society. They, however, expressed different views of what this role entails:

> "Banks have to offer social benefits to society to exceed the costs incurred by the community as a result of their activities. These benefits include environmental protection, contributing to social cohesion and satisfaction between the different groups within the organisation… as the organisation has contracts with business partners, it also has an unwritten contract with the community" (A1-Bod).

And:

> "Banks' social responsibility towards society means protecting the environment and creating benefits for the whole society … social responsibility reflects banks' obligations towards society" (A2-Bod)

Some interviewees thought the banks' social responsibility was realised through their contribution to employment and training:

> "Banks' social responsibility can be enhanced by focusing on employment, assistance in environmental protection, contributing to social institutions and considering the training programmes of employees and care for them and their families' health" (A20-Au).

A large proportion of the interviewees' responses reflects a positive attitude towards social responsibility and banks having a social role. Similar results were reported in other studies in both Eastern and Western countries. Jamali and Mirshak (2007) in Lebanon and Tencati et al. (2004) in Italy reported a positive attitude among stakeholders towards social responsibility. Similarly, Kuasirikun's (2005) study confirmed that there were positive attitudes among accountants and auditors to environmental issues in Thailand. Dusuki and Dar (2005) explored the perceptions of Islamic banks from multiple stakeholder groups' perspectives in Malaysia regarding social responsibility; they generally had positive views of CSR. Naser and Abu-Baker's (1999) study showed positive attitudes among the participants towards social responsibility, despite such responsibility being imposed by legal and professional pressure. Caring for others and providing social initiatives are within Islamic teachings, so it is not strange that the impact of culture and Islamic principles was evident through interviewees' attitudes towards social accounting and responsibility. The Islamic religion has a considerable influence on the culture of Libyan people, as the Islamic religion has played a significant role in shaping the culture, whether in deals between people or the nature of life.

Two interviewees adopted a business approach regarding banks' social responsibility, connecting social responsibility with generating profit. One of those is an academic and bank board member. This interviewee viewed the social responsibility of banks as follows:

> "The bank's main function is to bring deposits and grant facilities. Engaging in banking activity by providing social and housing loans and grant credit, distribution of dividends to shareholders, and banks' contribution to financing of the public treasury by taxation. So, as these social actions have a social dimension, they have to contribute to banks profitability" (A22-E).

This reflects that some interviewees believe in linking the social initiatives of banks with profitability. Such views reflect counter radical social accounting that stems from a business organisation's needs. Other studies noted this as well. De Madariaga and Valo (2007) concluded that interviewees had a positive and receptive attitude towards CSR for specific groups of stakeholders. Such business approaches pay little attention to the conflict of interest between maximising shareholders' wealth and the needs of society. They deem CSR and social accounting as tools for improving the company's image and increasing shareholders' wealth (WBCSD, 2003; Brown and Fraser, 2006). However, for most interviewees' the social responsibility of banks meant offering social benefits to society, contributing to social cohesion, achieving satisfaction within the organisation between different groups, protecting the environment, providing social reporting, focusing on employment efforts and financing economic projects that contribute to increased social welfare. Such perceptions and attitudes towards social accounting responsibility reflect emancipated attitudes.

Educational background, cultural dimension and the ideological domination of the State may be behind the interviewees' perceptions regarding social accounting and the social responsibility of banks. Interviewees, whether they received their education inside or outside Libya, are influenced by Western values, because accounting education in Libya was established in the postcolonial and capitalist era (Ahmad and Gao, 2004; Baker and Russell, 2003; Zubek, 2008; Shareia, 2010). Libya did not develop an education system to meet the local requirements/values. However, as Libya is an Islamic society, many people believe that ethical and social principles are a religious and moral obligation for the individual and institutions (Haniffa, 2002). Interviewees, however, believe that banks have a social responsibility, but still stress the need to focus on profit for ensuring the continuity and growth of commercial banks. Thus, they did not link social responsibility to Islamic values or local culture. This reflects the extent to which Western imperialist culture contributes to a displacement of local values in Libya.

Despite State domination being evident as some banks are owned wholly or in part by the State, the impact of the socialist ideology of the State does not have a clear echo in interviewees' responses. Libyan socialist ideology and the regime’s speeches focused on wealth redistribution and social justice. Also the regime resisted Western values in a desire to see local values prevail. However, this resistance was often confined to speeches and slogans. This led one respondent to argue that the imposition of colonial culture could not be confined to colonial powers or to Western imperialism, but in elites' wishes as well to import Western values to create enrichment. Also, dictatorship and tyranny have often shown themselves to be compatible with colonial culture, and have contributed to the emergence of elite beneficiaries.

6.5.3 Second Theme: Social Responsibility Practices in LCBs

The second theme seeks to explore interviewees’ perceptions of the status quo of social responsibility and the accounting practised, as their positive attitude towards social accounting and responsibility may not reflect the reality of social accounting practice. Salehi and Azary's (2009) study in Iran investigated external auditors’, internal auditors’, accountants’, bankers’, investors’ and academics’ views regarding corporate social responsibility. Their study reflected a gap between the practice of social responsibility and stakeholders' perspectives on social responsibility. Rahahleh and Sharairi’s (2008) study concluded that there is a kind of social accounting application in some companies, but concepts of social accounting responsibility are not totally recognised.

Most interviewees mentioned some social initiatives towards society. However, many initiatives reflected counter radical social accounting that aimed to satisfy key stakeholders and achieve profit.

Interviewees were asked about the type of social responsibility activities that existed in their banks. Some interviewees indicated to their banks' social practices that might indicate to emancipatory potential:

> "In our banks we give donations to some sport clubs, scouting, blind and orphan associations" (A2-Bod).

> "The Bank has granted financial and in-kind subsidies to charitable associations. Also, we have sent some citizens at the bank's expense for treatment outside the country" (A7-Co).

Other interviewees summarised some of the practices of their bank's social responsibility, emphasising responsibility towards employees:

> "Giving social benefits to employees. Yearly, the bank invites employees and some customers to a party and to honour some of them, considering health care for employees and their families. In addition we provide a full health insurance card free of charge to all employees in private clinics in Libya as well as treatment of staff in clinics outside the country in Tunisia and Egypt for free" (A4-E).

And:

> "We give social loans to employees interest-free and other loans to build houses at a lower interest rate than the prevailing rate" (A10-Ac)

Just one interviewee mentioned community as the future target for social initiatives

> "As a result of the change in tax law, the administration will seek to obtain shareholders' approval for the purpose of using part of the tax savings in services within the community" (A6-M).

One interviewee summed up the most important social initiatives undertaken by the bank as follows:

> "Islamic Murabaha services, participation in cultural seminars, participation in scientific conferences, providing funds for treatment of some social figures and contributing to the Blind Association" (A15-M).

Another interviewee indicated clearly the Western form of social initiatives when he mentioned that:

> “Satisfying employees and customers is a key success for our bank, where we provide social initiatives that attract more customers and skilled employees to increase the bank’s profitability” (A5-E).

Providing initiatives to stakeholders could be seen as part of the banks’ social responsibility, but throughout interviewees’ responses it could be noted that employees and customers are the common target of their social initiatives, while the community was only mentioned by two interviewees. These social initiatives that were conducted to satisfy key stakeholders and maximise shareholder values are reflected in banks social disclosure, thus contributing to the enhancement of a counter radical social accounting, instead of an enabling or emancipatory form of accounting/social accounting to the betterment. Business organisations attempt to adopt counter radical social accounting to displace the emancipatory potential of social accounting, so it is ‘beyond the conventional but with an orientation towards the preservation or enhancement of the current socio-political order rather than something akin to an emancipatory intent’ (Gallhofer and Haslam, 2003, p.114-115). However, positive potentialities are present in counter social accounting, as it reduces the dominance of conventional accounting.

As was the case in the previous theme, this reflects the business approach that is adopted by some banks that consider CSR as a tool to increase the financial value of banks. Also, the business approach pays a little attention to the conflict of interest between business and society, which reflects the impact of Western capitalism on the banks (WBCSD, 2003; Brown and Fraser, 2006). This enshrines the mainstream Western social accounting that led to a repressive form of accounting. This comes contrary to the State ideology, which assumes that the institutions work for the benefit of society.

Libyan intellectual ideology, as promoted in the Green Book, urges attention to the community[110], but there were no specific laws supporting such ideology. Employees' issues, however, have been urged by both the Green Book and Libyan law No. 37/1973 regarding Manpower Development and Training. The law instructed institutions to prepare training programmes to develop and increase the efficiency of their employees (Libyan State, 1973). Regarding women's rights at work, the Charter on the Rights and Duties of Women that was issued in 1997 by the Libyan General People's Congress stipulates that men and women should have the same opportunities and rights to leadership positions and employment. However, such stipulations remains merely slogans (as many social laws and regulations), as few banks seemed to care about these issues.

As part of banks' social responsibility practices, interviewees were asked about direct and indirect responsibility towards environmental protection. Interviewees agreed that banks consider neither their direct or indirect environmental responsibility[111]. Notwithstanding, interviewees agreed on the importance of banks' responsibility in respect to direct environmental impact (another positive attitude). The differences in interviewees' responses were in their views on who should be responsible towards environmental considerations. Some deemed banks to be responsible; others saw such responsibility to be within the merits of the State and its organisations.

---

[110] 'The aspiration of the new socialist society is to create a society which is happy because it is free. This can only be achieved by satisfying man's material and spiritual needs, and that, in turn, comes about through the liberation of these needs from the control of others…Economic activity in the new socialist society is a productive one aimed at the satisfaction of material needs. It is not an unproductive activity, nor one which seeks profit for surplus savings beyond the satisfaction of such needs. This, according to the new socialist basis, is unacceptable' (Qadafi, 1977, p.57).

[111] Indirect environmental impact means considering other companies' activities and their negative impact on the environment before providing any form of financial service.

> "It is not banks' responsibility to preserve the environment, but the responsibility of other parties to stop banks causing harm to the environment" (A14-R).

Some interviewees perceived that the CBL in particular had to be responsible and encourage banks to consider the environment, because environmental issues do not receive sufficient attention from stakeholders and managers. Also some blamed the State for not raising awareness on environmental and social issues:

> "CBL should issue instructions that restrict investments in projects that harm the environment" (A2-Bod).

Others attributed the problem to public awareness, including the government, managers, people and educational institutions, and to the absence of independent local organisations that promote environmental protection.

> "Banks' managers and most people have no environmental, social awareness. Social and environmental awareness can be created by the enactment of legislation and laws and including social issues within the curricula in educational institutions, so this is the duty of the State. Libya is a developing country, without effective NGOs, the role of the State is important" (A12-Au).
>
> "No role or regulation or any other group pressure forcing banks to consider the environment" (A2-Bod).

Interviewees also noted that social or environmental issues are not included in training programmes. The Central Bank's Training Centre manager reflected on how training programmes are decided on:

> "We are targeting mainly the five commercial banks that are owned by the Central Bank. So, as those banks are members of the training centre, they are obliged to send their staff to attend training courses. The training plan is prepared by the Institute, but is in accordance with the needs and proposals of banks. So, the institute does not suggest any training programmes" (A18-RT).

Another interviewee, a credit officer, summarised the required documents to grant credit:

> "Required procedures for the granting of credit include: the company's budget, its statute, registration in the commercial register, the account movement, especially, debtors and creditors, also we consider a company's reputation" (A7-Co).

The required documents reflect that banks are only interested in ensuring recovery of the loan, without regard to any environmental or social considerations.

Most interviewees show remarkable enthusiasm vis-à-vis environmental issues. They, however, see it as the State's responsibility to force banks, by laws and regulations, to consider the environment. Content analysis and interviewees' responses indicate the lack of consideration of environmental issues in practice and disclosure by LCBs. Maali et al. (2006, p. 284) concluded that environmental issues are not considered in Islamic banks. In this regard, Dincer and Dincer (2006) similarly found that participants have a positive attitude towards environmental responsibility, but few practices were manifested by the Turkish banking sector. In the Libyan context, law No (15) of 2003 requires institutions to give environmental issues the necessary attention. However, the law is not clear on how to implement and enforce its requirements. Also the law does not mention the financial sector and focuses on the industrial sector.

Interviewees mentioned some social initiatives/actions that LCBs undertake to contribute to the national economy and enrich its social wealth. These include: providing Islamic Murabaha services, giving social benefits and health insurance to employees, considering women's employment, and participating in cultural and scientific seminars. Community and environmental considerations were largely missing, as a result of a lack of regulations and public awareness according to most interviewees. Interviewees demanded that the State assume responsibility for issuance of the necessary legislation to force banks to consider their direct and indirect responsibility towards the environment, and to create independent local organisations responsible for promoting environmental protection. Demands for legislation to adopt social practices and disclosure were repeated over and over again by interviewees. This reflects the sensitivity of social actors to action without State consent.

Also, interviewees deem the State/government responsible for granting incentives and credits for projects that have a positive social contribution and environmental impact. An increased environmental and social awareness amongst managers, the community and employees were among the interviewees' recommendations.

Moreover, according to the interviewees most social practices were directed towards satisfying employees and customers. The overall attention to the employees' training and payment requirements could be seen as a commitment to increasing profits and attracting skilled employees, rather than a commitment to the laws (see Chapter Five, where many banks have reported a lack of skilled workers in the banking market). As was shown in Chapter Five, customers' issues have a higher level of disclosure and attention compared with the issues of society. Moreover, regarding responsibility to customers, it seemed that the main reason behind customer satisfaction was profit making. Such kinds of responsibility reflect manifestations in the West. It could be inferred that there is an interconnection between employees and customers as both impact profitability. At the same time, "community involvement is only remotely related to profitability" (Belal and Momin, 2009, p. 18). In the interviewees' responses, society has not attracted enough attention.

As previously noted, the accounting educational system did not give social or environmental issues the necessary attention (Ahmad and Gao, 2004). Instead of that, financial issues dominate accounting education, as a result of the Western impact following the postcolonial period. This reflects the impact of the West and market liberalisation on the accounting system and stakeholders' mentality as a result of their influence on accounting education in Libya[112]. Through the interviewees' responses, it could be inferred that interviewees blame the State for not issuing or mobilising legislation and awareness

[112] Western culture seems so attractive to those who seek to maximise profits rather than consider the social needs of the community.

programmes that promote environmental responsibility. This reflects that interviewees are affected also by the socialist mentality that assumes that the State is the main body responsible and should organise everything. However, there is no specific law on how banks can work in this regard, except for some regulations regarding housing and social loans (see Chapter Four). In some other cases, such as environmental issues and the employment of women, there are laws to regulate these areas, but there is no mechanism or instructions on how to activate these laws, thus they remain largely unimplemented.

It seems that each group places responsibility on the other. Such a debate refers to the existence of a missing link between the State and business organisations including banks. It also enhances the ambiguity in accounting disclosure and practice. In Libya, this debate may continue for a long time in the light of the absence of democracy, freedoms and civil society organisations. Some interviewees felt that the absence of civil society organisations represents a major reason for the lack of attention to the implementation of some of these laws.

> "We mainly consider shareholders and government/CBL when we make decisions in the absence of any independent/non-governmental institutions or pressure groups mobilising towards social work" (A2-Bod).

Issues regarding human rights did not receive enough attention according to interviewees' responses. Many interviewees asked for more information when they were asked about those issues, so the researcher explained to interviewees elements of human rights towards customers, employees and the community[113]. Interviewees used mostly short answers regarding human rights.

> "We believe in human rights in general but we do not focus on those issues" (A16-Ac).

> "In fact there is no concrete programme for the employment of the disabled" (A9-M).

[113] The human rights of stakeholders, as discussed in Chapter Five, could include equal opportunities, employment and advancement of women, statutory disclosure of directors' emoluments, non-discrimination in lending and giving high level financial products and providing financial services for disadvantaged customers.

Another interviewee considered women's employment as part of social practice:

> "Our bank considers women's employment a priority, where a large proportion of Bank staff is women. The bank has also allocated to them a floor of the bank's building as a free nursery" (A10-Ac).

In fact the sensitivity of human rights in Libya and the unwillingness of some interviewees to answer, gave the impression that such issues are not considered by banks (the LCBs disclosure showed a low level in human rights disclosure).

6.5.4 Third Theme: Understanding LCBs Social Disclosure and Non-Disclosure

Transparency and accountability require the informing of stakeholders about a corporation’s or bank's activities (see Medawar, 1976; Gray, 1992; Gray et al., 1996; Adams, 2004; WSSF, 2009). The disclosure index findings showed poor social disclosure in LCB annual reports (see Chapter Five). This theme explores the possible reasons for non-disclosure from the interviewees’ perspective. It also, investigates whether disclosure is manifest in any other communications media. From the interviews, it seems that banks practise some social activities, but they do not appear to tell others about these activities.

Most interviewees confirmed that the main medium of communication to discharge accountability is the annual report. However, some of them pointed to banks' websites as further media.

> “The annual report represent the only report we discharge, there are no other reports, just some internal documents between departments, but the annual report is the only source of information” (A16-Ac).

Many other studies confirmed that annual reports represent the preferred way to discharge accountability to all interested parties (Tilt, 1994; Gray et al., 1995b; Gallhofer and Haslam 1997; Buhr, 1998; Guthrie et al., 2004). The high level of credibility in comparison to other media makes entities rely on annual reports to discharge accountability (Gray et al., 1995b; Gray et al., 1996; McAuley, 2005; Utama, 2009).

Interviewees expressed many different reasons for non-disclosure. Some interviewees felt that annual reports were issued to satisfy shareholders and the CBL's need for information. Neither shareholders nor the CBL, however, ask for any social information.

> "The purpose of annual reports is to satisfy legal and shareholders' requirements, without regard to any other stakeholders" (A19-S).

Others pointed to the consequences of disclosure for management, if they did not get the proper authorisation from shareholders:

> "As we have good profits and enough customers, therefore, any new cost must be justified with a return; otherwise it would be rejected by shareholders. This made us avoids disclosing some social expenses" (A15-M).

Another interviewee mentioned that the General Assembly refuses social efforts:

> "The Bank's General Assembly often does not accept/agree the social contributions towards others. In some cases the board offered to the General Assembly plans regarding social contributions, but they were rejected, sometimes the plans were presented with the recommendation to reject them" (A14-R)

This reflects clearly the lack of awareness of social issues. The reason might also be that people have been deprived for a long time of the culture of profit and getting a high level of income outside the State's umbrella and its low-salary system, thus they seek to achieve the greatest income as a priority, especially as the regime, theoretically, prohibited profit recognition and considered it exploitation. Furthermore, the regime continues to threaten people that the private sector might be nationalised at any moment, hence the desire to increase income stemming from a sense of deprivation that has lasted for decades. This draws our attention to the fact that, although the literature argues for emancipatory social accounting which could be translated through making entities' activities visible (Gallhofer and Haslam, 2003), the disclosure here contributes to the restriction of social work. It is important to raise shareholders' awareness of social accounting and responsibility.

Another interviewee argues that there are many social activities carried out by banks, but they do not disclose them as a result of the lack of legal requirements or social awareness:

> "There are positive social activities carried out by banks, but they are not disclosed. This is because customs and habits do not require disclosure. Banks are not obliged to disclose non-financial information. In addition there is a lack of awareness of the necessity and importance of the role of accounting disclosure" (A1-Bod).

And:

> "The social impact of banks' activity on the national economy and welfare should be reflected in the CBL's reports, so commercial banks are not obliged to show their social impact on the national economy" (A3-M).

Two other interviewees pointed out the cultural dimension as one of the determinants of disclosure in the Libyan context,

> "When the bank is providing support for a sport club, there may be another group in the bank who would prefer another club and therefore may not agree to support one of them at the expense of the other. This does not mean that the administration did not provide support, but they are reluctant to disclose it in the financial statements" (A2-Bod).

This reflects the nature of Libyan society, as loyalty to family and social relationships might be greater than other obligations and, in some cases, affect career and business decisions (Metz, 1987). According to Roberts et al. (2008, p.171), culture has a direct impact on accounting practice: "differences in the culture of a society are reflected in the ways in which society organises itself'.

Non-disclosure, however, might also be due to the sensitivity of information.

> "It is not necessary to reflect all the banks' activities in annual reports, as the bank has the right to keep some sensitive figures and information, for many reasons, such as competition. If the administration disclosed everything they were doing, most of the management would not continue and would be replaced by a general assembly" (A5-E).

The interviewee mentioned competition here, despite the fact that competition is among the least used terms in a Libyan socialist society that is dominated by the public sector. This may explain why the interviewee used competition as a reason for non-disclosure and not vice versa. However, it seems that the concept has started to impose itself in Libya as a result of increased openness and the privatisation programmes (e.g. selling public sector companies, opening a stock market and engaging foreign banks).

One interviewee indicated that many social activities are carried out by banks. He argued that disclosure is unnecessary propaganda:

> "This style of propaganda, which we do not seek or do for publishing purposes" (A4-E).

The interviewees seemed more influenced by the socialist ideology of the State than by principles of transparency and accountability, where propaganda and advertising are against the ideology of socialism according to the Libyan regime (see: Chapter Four).

In social accounting and responsibility literature, some researchers are concerned about the drivers behind the increased popularity of CSR. Therefore, they indicate that entities choose what to report and what to omit, as CSR can be used as a tool to enhance the corporate image and as corporate propaganda or to legitimise their operations (Lehman, 1999; Brown and Deegan, 1999; Gallhofer and Haslam, 2003; Guthrie et al., 2004; Dey, 2007). Social information in annual reports, as non-audited information, may represent corporate misinformation (Gallhofer et al., 2006). The mainstream of social accounting constantly reports the 'good news' that reflects the entity's positive citizenship, while countering or justifying 'bad news' (Gallhofer and Haslam, 2003).

In Libya, people are mobilised by socialist thought and businesses are dominated by the public sector, thus improving the image and reputation of banks seemingly does not contribute to the impact on banks’ disclosures. Issues such as lack of awareness and necessary regulations as well as fearing the consequences of disclosure are more significant factors. In this regard another interviewee noted:

> "Educating people about social responsibility is one of the most important responsibilities of the State" (A8-E).

Some interviewees have seen that as poor role of the CBL in banks' disclosures:

> "I am totally convinced they would disclose social information, but they should be marketed by the Central Bank, especially if we consider the lack of awareness and perception of the social aspects. It represent extra effort, cost and is not required, so if such effort is not rejected, it will not be appreciated" (A15-M).

Lack of awareness, educational background and legal requirements were among the reasons given by interviewees behind the lack of disclosure. Also, some considered the cultural dimension to be the reason. A study by Alok Kumar et al. (2008) concluded that one of the reasons behind poor social disclosure in India's media commutations was the lack of public awareness. Also social accounting, according to Ball and Seal (2005), required stakeholders' awareness towards social responsibility. For Pennartz (2006, p.1), 'corporate business practices result in a widespread lack of corporate accountability and transparency in developing countries, resulting in an unacceptably high rate of human rights violations and environmental degradation'. Moreover, the absence of legal requirements makes some entities think they are not obliged to report (Gray et al., 1995a; Ugur and Erdogan, 2007). The free market framework and anti-legislative stance mean the level of social disclosure is less than the level of financial disclosure (Adams and Harte, 1998). Thus, the dominance of Western accounting systems in accounting education and practices in the Libyan context is a factor contributing to LCBs' focus on financial issues.

In this context, some interviewees perceived accounting education and the accounting profession to be behind non-disclosures:

> "We rely on the Western educational system, we even rely on the old system of Western education, if we consider that even in the West social disclosure is relatively recent" (A12-Au).

And:

> "As external auditors we depend on international auditing standards. Also, we examine the extent to which banks comply with international accounting standards in the absence of any local guidance" (A20-Au).

Another external auditor explained:

> "Auditing in accordance with international standards is required and binding according to the banking law on banks and the directives of the CBL" (A13-Au).

The State has held a socialist ideology and still has primary responsibility for providing education. The accounting education has a Western orientation in the curriculum and the background of members of staff (Baker and Russell, 2003; Ahmad and Gao, 2004). Also the Western orientation has had an impact on the accounting professions and accounting standards in Libya. Although, the experience of imperialism has created a kind of cultural exchange between Western colonisers and the colonised in the East, in terms of accounting education Western colonial thought has dominated the system (Gandhi, 1998; Shareia, 2010). For Tikly (2001, p.161), "colonial education was at times 'functional' for the national and global division of labour under colonialism through its ability to provide the skills required by different sectors and areas of the colonial economy". The dominance of Western education and international standards reflects to what extent accounting has been captured by repressive hegemonic forces. LCBs are influenced by these values, as LCBs practices and disclosure focus on shareholders mainly, and also to customer and employee relations that contribute to improving the financial position of banks.

6.5.5 Fourth Theme: the Impact of State Control and Ownership Structure on Banks' Social Responsibility

6.5.5.1 The State's Role in Banks' Social Responsibility

Social accounting as a tool for achieving social justice and social well-being is the responsibility of corporations and the State. The State has to practise its role as both regulator and stakeholder. The State's role is important, especially in the Libyan context, where the government promotes a socialist ideology. Thus, people rely on the State to ensure that banks are run in the interest of society. Given the moves towards liberal market policies and the State's relinquishing of its ownership of many banks, it needs to fill the gap by supporting and encouraging banks to address their social accounting and responsibility.

Previous themes elaborated interviewees' calls for the government to introduce necessary regulation to force banks towards social practice and disclosure. This section expands by elaborating on the actual and potential role of the State in strengthening banks' social accounting and responsibility from the interviewees' perspective.

Some interviewees mentioned that present laws and regulation promoted social responsibility while others expressed the view that some laws restricted social responsibility. This reflects the conflict in Libyan laws and regulations that may not help to develop any social initiatives, and this may explain the prevailing ambiguity.

> "We have laws, regulations and socialist ideology that promote social responsibility and initiatives, but no one asks us to do so or disclose if we did" (A15-M).

> "We have laws and regulations that prevent any action without the approval of the shareholders - who are often the State, thus the bank is restricted to those regulations" (A22-E).

Few interviewees saw the role of the State as ineffective,

> "The State focuses on a bank's income for taxation purposes" (A8-E).

Two interviewees thought that the State's control over banks should be reduced, but they had different views in this regard.

The first considered the current legislation and laws to be an obstacle to social practice and liable to make banks act irresponsibly towards all interested parties:

> "Central bank regulations and laws put commercial banks in the corner. They restrict banks' activities and freedom to make investment decisions. Accordingly, banks increase efforts to obtain a high level of profit and to compensate for the State's restrictions on banks' operations, and are financing profitable projects regardless of the impact on society" (A2-Bod).

The second also saw no need for government legislation, but for other reasons:

> "It is unlikely for the State or the CBL to force banks to be socially responsible. The CBL and the State's duty could be to monitor banks for compliance with a bundle of laws, regulations and instructions" (A14-R).

Once again, as highlighted in the previous theme, it seems there is a conflict between those who represent the government and the banks. Here both agreed that no more legislation was needed, but for different reasons. It should be noted that the contradiction here, as mentioned earlier, is due to the difference in their ideas. While the first is influenced by his Western educational background - as educated in the UK - the second is affected by his location in the bank as a director in CBL, so he supposes that the government must supervise and monitor, while banks remain mainly responsible.

The two previous views suggested that there is no need to legislate responsibility. On the other hand, other interviewees suggested some steps should be adopted by the State to support social responsibility through packages of legislation and regulations:

> "Monitoring banks to protect depositors' funds, which could be exploited to increase the return on shareholders" (A2-Bod).

Here the interviewee believes that the government/CBL responsibility should focus on legislation that serves shareholders and increases income.

Another interviewee thought that:

> "The role of the State could be seen by allowing the formation of professional unions, and giving them independence, as well as in the formation of independent civil society organisations" (A12-Au).

For another interviewee, the disclosure of social information should be imposed by the State:

> "Also disclosure of social information is voluntary as is the case with social initiatives. Therefore the government should regulate social disclosure and make it a part of the disclosure requirements" (A21-A).

Interviewees deemed any social initiatives and disclosure not to be binding, unless they came from government instructions/orders. That is why most interviewees called for the enacting of legislation in order to provide social accounting and responsibility. For decades Libyan banks operated under the tutelage of the State and implemented their instructions without powers or freedom of decision-making. That is why some of the interviewees asked to establish civil society organisations that might influence banks' behaviour by mobilising public awareness and action against any repressive form of accounting.

One interviewee felt that working under strict government restrictions without freedom of decision-making might lead to a weakening of innovation and development:

> "Whatever the number of years spent as the director in the bank, these years reflect one year, because managers receive the CBL's instructions. Departments in public banks are a tool to implement the State's agenda, as they do not have powers of creativity or initiative" (A3-M).

Banks' social activities cannot be a substituted for the role of the State even in developed countries, let alone developing countries. The role of the State in promoting social responsibility in developing countries may capture a deeper meaning, as a result of their social, economic and political characteristics (Petkoski and Twose, 2003). Bell (2002) considers it the role of the State in developing countries to encourage the private sector to address the needs of society. The role of the State in achieving social responsibility can be materialised on more than one level. According to the interviewees, the State can, for instance, require banks to discharge accountability. It can also, through the enactment of necessary legislation, ensure that employees can be organised within groups to advocate their rights in the banks. Salomon (2001) sees the State's role as creating a system that imposes labour laws to ensure their social and financial rights. As is the case with NGOs, there are no independent workers' unions in Libya. The State does not recognise trade union rights, except in the case of those unions associated with the government – e.g. the General Trade Union Federation of Workers. Even those unions are working under the government's supervision and directorates, with a government representative in 'every trade union general meeting' (ITU, 2010).

Another interviewee thought that the State's role could be:

> "Through providing tax incentives, and preferential treatment for banks that have social contributions. Add to this the development of necessary legislation, including, creating local accounting rules (A1-Bod).

The role of the State in advancing social practices has been considered by a number of studies, Al-khater and Naser (2003) in an emerging economy, Belal and Roberts (2010) in Bangladesh, and Naser and Abu-Baker (1999) in Jordan. Al-khater and Naser (2003), in the case of an emerging economy, recommended that CSR should be imposed by laws or regulations to make business organisations act responsibly towards society. In addition, in Indonesia, Utama (2009) examined the role of the regulator in promoting social responsibility. The author inferred that the State needs to issue further regulations regarding social responsibility. Petkoski and Twose (2003) thought the State's role was important in regulating the relationship between the State, civil society and business, and the State should stimulate banks who do not appear ready to engage with the social accounting system. Besides this, the State's efforts should involve the public sector, including banks, to regulate the mechanisms of public services (Petkoski and Twose, 2003). However, social and environmental activity today is based on corporate voluntary initiatives. The State in most cases is not enthusiastic or able to do what is merited (Warhurst, 2005).

6.5.5.2 The Impact of Ownership Structure on the Social Accounting and Responsibility of Banks

The fundamental change to Libyan banks is the change to their ownership structure. Under the banner of reform of the banking sector, the CBL started selling State banks' shares to private and foreign investors.

The majority of interviewees were open to the dominance of private and foreign banks over the sector, because of their experience, capital and technology. A few interviewees, however, wanted the public sector to remain dominant. They do see benefits in the entry of foreign banks, but they want this entry to be limited to administration and not ownership. Some explained that banks under State control do not think of profit maximisation as a priority and are more likely to consider social aspects.

> "In State banks, administrative decisions were sometimes taken from the CBL and not the administration without any economic considerations, such as opening branches in remote areas" (A3-M).

Some interviewees prefer the State banks:

> "With the exception of merchants and businessmen, the majority of people trust State banks more than private banks" (A19-S).

One interviewee prefers State banks as they consider customers' rights:

> "The State banks follow a conservative policy in their credit and lending to protect customers' deposits. Accordingly, problems that faced many private banks did not face public banks" (A9-M).

Another perceived that foreign banks might not to be suitable for the Libyan context:

> "Foreign experts are unfamiliar with Libya, including dealing with customers and understanding the culture"(A13-Au).

Private banks are influenced by the Western forms of accounting/social accounting, as they fall under the domination of the shareholders and their interests. One interviewee referred to the dominance of some major shareholders in some private banks in Libya. He pointed out that this contradicts the State's proclaimed policy of limiting the number of shares for each shareholder to up to 1% for individuals and 2% for families. The main concern of shareholders is their self-interest:

> "Shareholders look for special services provided by the bank, for instance, preferential treatment with respect to appropriations, letters of guarantee and facilities. Such preferential treatment is often given to them, as they are highly favourable to the banks" (A11-Au).

Some interviewees held that, despite the services provided by private banks being much better than State banks in terms of time and quality, there was a concern about the future that awaits State banks as a result of the foreign/private sector entry. Some believe that local banks will be adversely affected by this foreign entry. Thus for them, in the Libyan context, the entrance of foreign banks is a premature step, due to the differences in the Libyan context compared with other countries:

> "The entry of foreign banks confronts LCBs with a difficult challenge, where local banks cannot compete with them in several aspects, including modern management, advanced technology and broad experience. Therefore, foreign banks will attract a large amount of depositors. Thus I see that foreign banks represent a threat to the continuity of other local banks" (A7-Co).

> "We are not in need of capital or liquidity. What we need is efficient management. Our banks will not be able to compete with the experience of foreign-owned banks" (A14-R).

However, some interviewees found it appropriate to enable the private banks, given the failure of the State in providing services. Thus they deemed the role of the State as merely a legislator and supervisor of commercial banks rather than an owner.

> "Banks under the State umbrella have not developed themselves, as there was no competition between banks. Therefore, we can look forward with optimism to abandoning the State's ownership of banks" (A1-Bod).

Several interviewees mentioned the failure of some foreign banks to even achieve good financial performance:

> “Banks which use a foreign partner have been operating for three years, but they did not provide anything different from the local banks. On the contrary, some of them achieved a decline in performance" (A14-R).

One interviewee indicated a violation of the law and regulations by private banks:

> “Private banks are largely affected by the directives and orders of a few large shareholders, which could lead these banks to take more risks” (A11-Au).

A number of interviewees admired foreign banks’ models. They expressed their eagerness to adopt Western style banking in terms of accounting, management and services:

> "We are in urgent need of developing our accounting system, banking services and the bank management. Therefore, we must benefit from the experience of foreign banks, which are successful by all standards" (A12-Au).
>
> "This change is positive in terms of developing the banking sector and the development of services as well as to create competition” (A17-R).

Several interviewees expressed their displeasure with a foreign partner, due to its focus on its personal interests:

> "The foreign partner exploits their management of the bank and turns the money for the benefit of their main branch. It also gives preference to its main branch in dealings. This is causing an unprecedented decline in the income of the bank. This prompted the CBL to open an investigation into this" (A2-Bod).

In the literature, however, some studies indicated the positive impact of the private sector on social responsibility (Hourani, 2006; Emtairah et al., 2007). Other studies concluded that the private sector may pay less attention to social issues. In Malaysia, Saleh et al. (2010, p.607) indicated the impact of institutional ownership on corporate social responsibility. The study confirmed that "institutional investors are less concerned with companies engaging in community contribution practices and those related to the environmental exposure in which the company operates". In Libya, it seems that the fear of private and foreign investment still dominated the thought of social actors. The State intends to privatise the banking sector as a result of several factors, including the recommendations of the Central Bank - the main owner of most banks - and international organisations such as the IMF (see Chapter Four). This change will have an impact on banking sector responsibility towards society in some aspects, as some of the social services provided by public banks cannot be replaced by private banks, such as branches in remote areas and interest-free loans (see Chapter Five).

Some interviewees were of the opinion that to serve social responsibility issues an atmosphere of competition must prevail in the banking sector and this could be achieved by public, private or foreign banks:

> "The commercial banking sector will not develop by focusing on public banks alone. I believe that privatisation is the right choice in the future, as it is a natural result of globalisation" (A17-R).
>
> "The preferred view is to allow the entry of foreign partners as strategic partners in the ownership and management in order to defend the capital and create a kind of improved competition and the improvement of the performance of banks, which will spread to the benefit of all parties" (A1-Bod).

Another interviewee perceived private banks as better for employees:

> “Private banks deal with employees and improve the quality of services better than the State banks, while public banks consider society better than private banks" (A6-M).

Another interviewee said that:

> "What benefits the society is not the nature of the ownership pattern. What is good for society is to spread awareness of the importance of responsibility towards the community, as well as the development of policies and laws binding on the banks and making them take into account the public interest beside their private interest. In the Libyan context, the banks' contribution to economic and social activity is still restricted to operations that relate to banks' profitability" (A16-Ac).

Several interviewees did not see a problem with handing out banks’ management to foreign partners.

> “Privatisation of administration without privatisation of ownership structure. So we agree to engage foreign partners, but not foreign banks” (A12-Au).

Even in liberal countries that rely on the private sector, such as the UK, the State's role in social responsibility is essential and indispensable (Moon, 2004). Prizzia (2001) saw privatisation as having both a negative and a positive impact. The negative impact relates to profit maximisation. In this study, according to the interviewees' perspective, the positive impact can be seen in creating competition that stimulates State banks to improve the quality of their services. Through this discussion it could be inferred that most interviewees agreed to engage foreign partners within banks, but did not wish to bring fully owned foreign banks in at this stage.

In an implicit reference to globalisation, interviewees asserted that banks cannot operate in isolation from the outside world:

> "Trade and economic activity require transfers, credits, guarantees and transactions with foreign entities and banks. This requires the banks to get the confidence of the outside world. This requires the development of the banking sector and training of employees. Banks under State ownership fail to do so" (A1-Bod).

Engaging foreign banks in ownership of LCBs could be seen as a result of the impact of globalisation. Some interviewees indicated the dependence of professionals and practitioners on international standards that substantively place the emphasis on liberalised markets as a result of globalisation's impact:

> "We are obliged to maintain capital adequacy in response to the instructions of the Basel Committee. Add to that the commitment to money laundering law and combating terrorism, as one of the international requirements" (A2-Bod).

For some, however, globalisation's demands are antithetical to the socialist thinking adopted by the State. Where globalisation requires openness to make use of its opportunities, socialism restricts such openness (as the Libyan socialist ideology assumes). However, the State finds itself heading towards globalisation in the quest to win the competition with other countries for attracting corporate investments, or to get rid of the burdens of banks' management.

> "As a natural result of openness to the world, the IMF recommended that it is not suitable for CBL to be owner and governor for commercial banks, consequently

> CBL started the privatisation of some commercial banks, although they achieve rewarding profits, but the target was economic reform in the first place" (A14-R).

In the literature, several studies indicate the impact of globalisation on entities' operations. For instance, Hourani (2006) mentioned that social responsibility considerations depend on several factors including globalisation requirements. Belal and Roberts (2010) examined non-managerial attitudes in Bangladesh to social reporting. They found that social responsibility practices are influenced by globalisation. However, their study reflects participants' concerns regarding the lack of consideration of contextual factors in social accounting and its dependence on the Western context.

Such an effect reflects the impact of international organisations in imposing the Anglo-American style in developing countries including Libya (see Gallhofer et al., 2011). Globalisation's requirements, which include 'opening up to international competition', following laws and regulations imposed by international agreements, might prove 'unsupportive of CSR', therefore making the State follow 'universal values' that are inconsistent with the local context (Ararat, 2006, p. 7). The IMF and other international organisations have been criticised by Rahaman (2005) due to their promotion of liberalism, and requesting developing countries to abandon socialism and change the ownership structure. Accordingly, the IMF's recommendations and procedures are based on the interests of those nations that control the IMF. Therefore, these recommendations have caused serious consequences for the economies of developing countries, especially social consequences (Ferri, 2003).

On the other hand, globalisation is weakening the power of political authorities to regulate banks' activities, thus it has contributed to a loosening of the grip of the State on banks[114]. Therefore, the State's role becomes necessary to protect society against the negative impact

[114] For instance, in Libya there is a law that does not allow for any person to own more than 1% of the shares, but some foreign partners nowadays own 19% in some banks.

of globalisation and the market economy, and to take advantage of globalisation (if any exists). Achua's (2008, p. 57) study indicated that the 'Nigerian banking system is now driven by advanced competition brought about by globalisation'. The author recommended considering all the interested parties around the banks and not merely focusing on 'shareholders and financial measures of success' (p. 68).

Interviewees' responses were varied regarding privatisation and foreign banks. However, a large proportion of them welcomed privatisation, despite its reference to the importance of public banks for society. This may be due to people's fear of the return of public sector hegemony over banks. Such hegemony is associated in people's minds with the deterioration of banking services. Thus people may see that privatisation could open the way towards the development of banking services.

6.5.6 Fifth Theme: Required Change to Develop Banks' Social Responsibility

This section brings insights in respect of how social accounting should develop in Libya. Several interviewers said that the current social disclosure and practices of banks are not enough, as their main concern is to achieve a return, particularly foreign and private banks, thus it represents a copy of the Western form of accounting/social accounting.

> "Banks' practices now may seem satisfactory, in the light of the absence of real social awareness regarding the banks' social accounting and responsibility. But if we believe in the social role of banks beyond their narrow economic achievements, then we can say for sure the current social role of banks is not enough, thus the disclosure is low as well" (A12-Au).

Therefore, interviewees would prefer that the banks' future role in society should include:

> "Supporting the non-profit organisations, social clubs, orphanages, scout movements, and creating benefits for the society" (A2-Bod).
>
> "The banks have to give preferential treatment to social institutions that have social activities" (A1-Bod).

"The most important duties of the bank towards its customers are to rationalise the use of funds" (A9-M).

"Banks must pay more attention to employment, employees' training programmes, and improving the quality of services" (A10-Ac).

"Practising and providing social initiatives within banks' programmes could lead banks to disclose these activities to meet social accounting requirements" (A11-Au).

Also, most interviewees confirm the need for banks to adopt policies and strategies for social accounting responsibility. Thus the banks' activities, such as granting of loans and credit, training and treatment for employees and loans, could be seen as a result of managers' decisions, following legal compliance or following governmental instructions:

"Social initiatives are not within banks' policies and strategies, because most banks are operating to make a profit. Even the State banks are working as a result of the trends and directives of the Central Bank, not a sense of responsibility, as their social initiatives reflect the State's orientations, unlike independent banks' policies" (A14-R).

Another interviewee also thought that banks' activities might seem socially responsible, but this was not a result of policies designed for the purpose of social disclosure, but to develop the banks' competitiveness for the main objective, which is profit maximisation.

"The development of products and services and disclosing them in annual reports aims at profitability more than social responsibility" (A3-M).

Such views confirm the nature of counter radical forms of accounting that aim to serve an entity's needs.

Some interviewees suppose the idea that the State's laws should be changed to consider organising the administrative structure and recommend the existence of social policies:

"Clarifying banking law, as the law nowadays could be interpreted in different ways, especially regarding the structure of the Governing Council as well as the development of banking policies" (A21-A).

It seems that, as social initiatives are voluntary, they do not come within the banks' policies or strategies. However, they are often merely individual initiatives from the banks or the result of government directives. Also, social disclosure is voluntary, so banks select what they should disclose or cover.

During the interviews the researcher offered a social accounting vision to interviewees to see their response to adopting a social accounting that meets the context of LCBs. Most interviewees welcomed the vision as part of the banks' strategy to improve their social performance. However, some of them suggested that the vision should be imposed by the CBL as mandatory.

> "It is acceptable, but it must be marketed by the Central Bank. It is difficult, with the lack of awareness of social accounting, for the banks to adopt a strategy without it being imposed by the CBL" (A15--M).
>
> "The vision is important not only for banks but for all the economic activities of the State" (A20-Au).

In this vision, two interviewees suggested engaging stakeholders:

> "Distribute the questionnaire and survey to employees, customers and the community as these must be taken into account to get to know the issues that concern them and also to develop banking services" (A12-Au).
>
> "Consulting employees and customers on bank issues and services should be part of banking policy" (A1-Bod).

The initiatives mentioned in this section can be included in the interviewees' recommendations in previous themes, including the role of government in supporting and encouraging banks towards social efforts, considering environmental factors in banks' activities and discharging accountability towards all interested parties. All this must be a part of banking policy and a clear strategy in reflecting a sense of responsibility towards the community and an emancipatory form of social accounting.

6.6 Discussion and Conclusion

By using semi-structured face-to-face interviews, this chapter aimed at exploring participants' perceptions of or attitudes to Libyan commercial banks' social accounting and responsibility. It also explored their perspective regarding disclosure, the role of government and ways forward towards social accounting. Such an exploration is timely, especially after the State relinquished its ownership of many banks. It explores stakeholders' attitudes towards social accounting in the context of socialism, post-colonialism and globalisation. This chapter contributes to the literature by giving a voice to Libyan social actors and helping understand how they practised socially responsible actions in the LCBs.

Interviewees accepted the importance of social accounting and responsibility concepts to banking operations. For most interviewees, the banks' social responsibility means offering social benefits to society, contributing to social cohesion, achieving stakeholders' satisfaction, environmental protection, providing social reporting and focusing on employment and employees' benefits. Most interviewees consider accounting to be a form of numbers and double-entry, so for them accounting is just technical. After explanation of the real role of accounting within the 3BL concept, most of them accepted the concept. Considering accounting as merely figures and technique does not leave room for local values to play their role. Instead, accounting here is more likely to be influenced by Western values, and considered as a globalised Western phenomenon, thereby enhancing Western values at the expense of local values (Kamla et al., 2006). Even those interviewees who provided a specific definition/view of social accounting seemed to be influenced by Western views of social accounting and responsibility as reported in mainstream accounting literature and according to the interviewees' educational background. They did not seem to consider how the particular culture or the Libyan context could influence social accounting and responsibility. So to this extent globalisation and Western education are displacing local social values.

The positive attitudes towards social responsibility from stakeholders are insufficient to reflect the banks' commitment towards society. The literature shows "companies mostly have a positive attitude towards CSR programmes and appreciate their necessity, but only some of them aim to make social responsibility an integral part of the company's values" (Jušèius and Snieška, 2008, p. 36; see also, Hassan, 2007). Several other researchers have showed the positive attitudes of stakeholders to social accounting and responsibility: Tencati et al. (2004) in Italy, Kuasirikun (2005) in Thailand, Dusuki and Dar (2005) in Malaysia and Jamali and Mirshak (2007) in Lebanon.

Banks' social accounting and responsibility is not merely about what banks claim to be doing or might think they are responsible for. In other words, despite the importance of determining social actors' attitudes towards social accounting responsibility, the more significant issue is whether they practise it or are willing to practise it. Social accounting and responsibility practice provides an opportunity to achieve a broader human practice involving more meaningful social and environmental conceptions (Boyce, 2000). Therefore, those positive attitudes towards social accounting must be translated into action. Moreover, social accounting practice is a tool not a target. The main target of social accounting is to reach social justice and social wealth (Ball and Seal, 2005; Ebner and Baumgartner, 2006). However, a positive attitude towards social accounting and the role of banks on society could be seen as emancipatory potential. Caring for others and providing social initiatives are within Islamic teachings, so it is not strange that the impact of culture and Islamic principles was evident in the interviewees' attitudes towards social accounting and responsibility.

Although interviewees acknowledged and did not deny that banks are mainly interested in social initiatives and disclosure that help in profit, practice also reflects this as most banks focus on issues like credit granting, employees' training programmes, providing Islamic Murabaha services, devolving customer services and social and housing loans. However, few of them mentioned initiatives that reflect an emancipatory tendency, such as giving social benefits and health insurance to employees and their families, considering women's employment, participating in cultural and scientific seminars or banks' investment policies. Thus most of the initiatives are to serve banks' needs. For Gallhofer and Haslam, (2003, p. 124), it has been 'the tendency of business organisations over recent decades to hijack social accounting for their own public relations' purposes and to mobilise it to counter more progressive social accounting possibilities'. Belal and Momin (2009, p. 18) confirmed that entities focus on employees and are product related, while ignoring community issues as a result of "direct association with profitability". The other evidence regarding the link between social practices and profit is environmental issues. Concern for the environment was absent as banks neither considered their direct environmental responsibility, nor the indirect environmental impact of companies' activities, before providing any form of financial service (indirect responsibility).

While the level of social responsibility (initiatives) is low, it is relatively higher than the level of social disclosure, as many of the practised initiatives mentioned by interviewees were not disclosed in banks' annual reports (see Chapter Five), although most interviewees confirmed that the main media communications when discharging accountability are the annual reports (see also Tilt, 1994; Gray et al., 1995b; Gallhofer and Haslam 1997; Buhr, 1998; Guthrie et al., 2004). Interviewees mentioned that the main objective of discharging annual reports is to meet the information needs of shareholders and the CBL, and that neither of these seemed to care about social information. Others expressed fears of the consequences of social disclosure, in case shareholders could not accept some social expenditure, so managers should get the proper authorisation from shareholders in advance. Such authorisation, according to most interviewees, is difficult to obtain,.

Social accounting practice is a tool, not a target; the main target of social accounting is to reach social justice. The disclosure here contributes to the restriction of social work. That is why we argue that it is important to raise shareholders' awareness of social accounting and responsibility. One interviewee argued that his bank has social practices, but he perceived disclosure as unnecessary propaganda. Lack of awareness, educational background and absence of legal compliance were among the reasons behind the lack of disclosure and practice according to most interviewees. Most interviewees would prefer banks to disclose more social information in their annual reports.

Similarly, such results are concluded also by different studies. The one by Khan et al. (2009) investigated the key stakeholders' perspective on social accounting reporting by the banking sector in Bangladesh, and concluded that stakeholders preferred more social disclosure in these reports. The study by Abu-Baker and Naser (2000) also showed that social information in annual reports, especially in the banking sector, was limited to shareholders, potential investors and creditors. Salama (2008) attributes the reasons for a lack of disclosure to the absence of legislation as well as the lack of public awareness. Authors attributed the poor information to a lack of public awareness and the absence of the necessary local standards. Rahahleh and Sharairi (2008) also recommended the necessary legislation to impose social accounting practice on organisations. In the Libyan context, Mashat et al (2005) suggested that social accounting and responsibility should be enforced by law as a result of the lack of disclosure. However, in Libya the educational system of accountancy has a negative role in supporting social culture, as universities do not consider social and environmental accounting (Ahmad and Gao, 2004). Most interviewees expressed an admiration of the Western banking model. Interviewees advised entrusting the management of banks to foreign partners, and adopting foreign training programmes, management style, accounting and banking services. The only criticism of foreign banks' entry was a fear that local banks will not be able to compete.

The forces of globalisation and the impact of post-colonialism mean the Libyan accounting education and profession resemble the Western style, which is not in line with the socio-economic and political context of Libya. For instance, educational systems in Libya do not pay attention to national economic planning, while this is key to Libya as it adopts macroeconomic and socialist thought (Baker and Russell, 2003; Shareia, 2010). This is reflected in the lack of social reporting. Thus, attention to social reporting is not among the priorities of the Libyan accounting system. The Western accounting systems deem any companies' disclosure, except for financial disclosure, "to be a radical 'left-wing' idea and [to] constitute a political threat to the powerful vested interest groups" (Kamla, 2007, p.116). Libyan socio-cultural, economic and political orientations are unlike Western ones, however adopting Western styles has led accounting in Libya towards repressive potential against the local values that assume emancipatory potential.

In Libya, despite the adoption of socialist ideology for decades, the accounting practice by banks still has a liberal face and is largely influenced by Western models and reflects a repressive form of accounting. Today, in Libya there are four major banks that control about 90% of banks' share in the commercial banking market in terms of deposits, capital and income (see Chapters Four and Five). In the fifties and sixties and under the royal capitalist system, these four major banks were owned by foreign and private companies and dominated the banking sector. After the military coup in 1969 overthrew the monarchy and established a republic, the State nationalised these four foreign banks. However, these banks kept many of their staff with their mentality and educational background, as well as the accounting system.

Interviewees' responses reflected this as most of them consider profit as the priority behind any business activity. Confidence in and attraction to the Western model is not only within individuals' mindset, it is also part of the CBL ideology. That mentality is reflected in CBL's decisions and reports, with the CBL report in 2006 arguing that the public sector and government hegemony over the economy represent one of the most important impediments to economic growth in the country. Moreover, among the CBL's policies, some previous public banks have handed over their management to foreign partners, although the foreign partner owns just 19% of the bank shares. The Western educational influence was clear through interviewees' responses. Even those who believed in the social role of banks still stressed the need to focus on profit to ensure the continuity and growth of commercial banks.

Moreover, it seemed that interviewees are mobilised and influenced by government power. Thus it can be concluded that what was done by the public banks as social initiatives was the implementation of the State’s agenda and not banks' own policy. This leads one to think there is a need to decolonise the thinking and mentality of managers and other social actors from both the control of the Western educational legacy and the obsession with the government’s power[115]. However, sometimes CBL and government directed banks do provide some initiatives, which may be deemed by banks as unfair instructions and outside the banks’ agenda. Therefore, legislation on social initiatives may be seen as a solution for the advancement of social work in banks.

[115] A Western educational legacy exists in the Libyan high education mainstream and contributed to the formulation of liberal thought among social actors despite the prevailing socialist system. The obsession with government power makes social initiatives in Libyan commercial banks a direct result of the state/CBL's instructions.

Legislating social accounting and responsibility to be mandatory is a controversial issue in the literature[116]. Social accounting and responsibility practices in LCBs seem to resemble that of the West. In Western countries, social disclosure and practice seem often voluntary, supported by NGOs, media, and sometimes government regulations (Brown and Deegan, 1999; Deegan and Blomquist, 2006; Tilt, 1994; Larrinaga et al., 2002; Belal and Roberts, 2010). However, in Libya with the absence of civil society organisations, democracy, free trade unions and free media, as well as suffering from the spread of corruption, social initiatives remain limited (Barger, 1999; US Department of State, 2010; ITU, 2010; Freedom House, 2010; Qadafi, 2010; Financial Standards Foundation, 2010). Non-government organisations, including free trade unions, could have an impact on banks' responsibility by mobilising public awareness and action against any repressive potential of accounting. Thus, NGOs could help to improve well-being, and help accounting move towards enabling or emancipatory potentialities.

Based on this thinking, interviewees deemed the CBL responsible for issuing the necessary social and environmental regulations. Interviewees confirmed that social issues are not considered in the training programmes of employees. This is in line with the financial education system in Libya, which does not consider social and environmental issues. For these reasons, interviewees maintained that the State should grant incentives and credits for projects that make a positive social contribution and have a beneficial environmental impact. Several interviewees mentioned the role of the State in creating independent local

[116] Many attribute the failure of social accounting to be part of the accounting system in organisations to the lack of mandatory standards to guide it (Gray et al., 1995b; Gray, 2002; Pearce, 2002; Ed Mayo, 2001; Lodhia, 2003; Bebbington and Gray, 1993; Catasús, 2008). Hence, social accounting reporting must become a legislative requirement to force an entity to prepare such reports (Pearce, 2002; Ed Mayo, 2001; Lodhia, 2003). As Pearce (2002, p.7) reports, 'I do not believe a system of voluntary, self-regulating reporting will provide society with the information it needs to moderate the behaviour of organisations'. However, some perceive advantages for a voluntary approach. They indicate that protection of society and the environment represent a collective responsibility among organisations, people and the state. In addition, the state can manage these issues without enforced guidelines or laws, which may restrict the competitive position of entities (Doane, 2002; ICC, 2005; Utting, 2005; Rodríguez and LeMaster, 2007).

organisations that urge environmental protection and increase environmental and social awareness among managers, the community and employees.

The State in Libya has an important role in supporting the social responsibility of banks. However, there seems to be an excessive reliance by banks (according to interviewees' responses) on the State's role in legislating social initiatives. Moreover, regulation might not be enough. As inferred from the previous chapter, Libya has a social ideology and a number of laws, rules and regulations that specifically encourage corporations, including banks, to practise social responsibility, but not to disclose it (see Chapter Five). As can be seen, whatever the amount of these packages of laws and regulations, they seem not to have been activated and applied in the real world. Such social ideology and laws are general and not addressed directly to entities; moreover, they do not have an effective mechanism of application. In the absence of civil society, democracy and freedoms, they remain only slogans. Social responsibility as a practice can be achieved by adopting a parcel of regulations that assist banks to accomplish their mission in serving all of society and protecting stakeholders' rights. Such protection might be implemented through the State's duty of ensuring stakeholders' rights and providing necessary regulations. To apply those regulations, the State should establish civil society, free media and trade unions and other freedoms (Adams, 2004; Gray et al., 1996; WSSF, 2009; Pearce, 2002; Prove and improve, 2008).

Interviewees did not express the impact of socialist ideology. The conflict and confusion between the State's laws, regulations and ideology as well as raising the slogans and principles of freedom and justice, which are not really applied, may have contributed to the silence of interviewees regarding the State ideology. Such a conflict has contributed to the creation of layers and an elite in Libyan society, and to the spread of corruption in different

State institutions. Also, the regime has shown resistance to Western values and a desire that local values should prevail. However, that resistance was often merely a matter of speeches and slogans. This might lead one to argue that the imposition of colonial culture cannot be confined only to the colonial powers or Western imperialism. The elite have linked their fates and interests to Western culture. Also, the elite represent the internal tool of Western imperialism in implementing its agenda of managing the economic and political affairs of the State to serve Western imperialist goals. Elites often seek their own enrichment and this does not come with taking into account social factors. The elite have adopted the State's thought, and benefited by creating their own enrichment and accumulation of wealth as well as enjoying higher living standards. Moreover, dictatorship and tyranny are often compatible with colonial culture, and contribute to the emergence of elite beneficiaries.

In the real world, social justice and social wealth can be generated by collective efforts between community, business and the State. Each of them has a role to play in social accounting and responsibility (McCabe et al., 2007), whereby the protection of employees', women's and the community's rights, customers' deposits and other social issues are not only corporations' or banks' responsibility but a collective one. Also, independently of the banks' activity, the State's role is indispensable in areas such as public services and the management and protection of natural resources (Kakabadse and Rozuel, 2006). Having relinquished its ownership of many banks, the State needs to fill the gap by supporting and encouraging banks to consider society. The State's role in social accounting and responsibility, according to the interviewees' statements, can be divided into two categories, its actual role and its potential role. The actual role relates to legislation to protect customers' deposits, fighting against money laundering and the financing of terrorism. Some interviewees mentioned the government's role in public banks in issuing regulations to invest in specific projects to service the national economy, and opening branches in remote areas for social purposes. They also mentioned employment opportunities in public banks and employees' training programmes. Interviewees' views centred on the potential role of the State in issuing the necessary regulation and legislation to disclose and practise social initiatives, promulgate social awareness, legislate to establish independent provisional unions, engage civil society in the assessment of banks, the formulation of social standards in the accounting profession and a focus on social accountancy education in the universities.

There is broad consensus that the social accounting and responsibility of banks has a Western form of social accounting responsibility (see Chapters Two and Three), so without laws and government pressure banks might choose what they should practise or neglect. Therefore, interviewees seem to be convinced that the State should compensate for the absence of banking strategies and policies in social responsibility and initiatives by enacting the necessary laws and regulations, based on the State's role in ensuring social well-being and that banks are run in the interests of society. For Albareda et al. (2008, p. 360) "The government's role entails much more than promoting and encouraging. It means working as a mediator between businesses and NGOs". This is in the Western context, but in Libya (as mentioned previously) there are no NGOs or free unions, thus they are not among the factors that drive banks to act responsibly.

In the context of LCBs, globalisation promotes Western models for technology, services, training and educational programmes and linking them with international banks. In addition to this Libya, in the absence of local standards, depends on international standards that substantively place the emphasis on liberalised markets[117]. Therefore, the indicators of

[117] In Libya 'accounting principles, auditing standards, accounting education and the institution of an accounting profession have been adopted from outside Libya and applied without a thorough consideration of local environmental factors' (Shareia, 2010, p.12).

globalisation's impact seem clear[118]. Market liberalisation, increased privatisations and establishing a stock market, as well as legislation that requires the adopting of international standards and principles, are far from traditional socialism and the cultural heritage of Libyan society. The dominance of the Western model in the Libyan context reflects the impact of post-colonialism or what is known as a second type of colonialism -mind occupation (Gandhi, 1998).[119] These values have caused confusion in the Libyan context. Unlike with capitalism, in socialist systems achieving profits is not a priority as far as achieving economic well-being is concerned. Global institutions such as the World Bank (WB) and the International Monetary Fund (IMF) impose the view of Western imperialism on different contexts, including Libya. Those international organisations do not pay attention to the contextual issues of developing countries. They merely consider the interests of Western international entities, because those international bodies have been dominated by Western countries. Thus, their policies are designed to serve and support the goals of capitalist ideology (Annisette, 2004).

The dominance of these international organisations means banks pay less attention to social and environmental issues, because the IMF is becoming larger and more powerful than nation States in some developing countries (Crowther and Martinez, 2004). Accordingly, the IMF's recommendations and procedures are not always in the interests of the country and society. These recommendations have caused serious consequences for the economies of developing countries, especially social consequences (Ferri, 2003). In the Libyan context, the IMF pointed out that it was unsuitable for the CBL to be the owner and governor of commercial banks. The IMF Country Report "recommended that the CBL reconsider its bank restructuring approach and adopt the strategy recommended by staff,

[118] Such as: issuing laws regarding fighting against money laundering and financing terrorism.
[119] Attempting to implement the knowledge, rules and values of developed nations in developing nations could be considered a new imperialism, coming under the cover of globalisation (Gallhofer and Haslam, 2006; 2007).

including the establishment of a bank restructuring agency that would take over ownership of commercial banks, which in the staff's view is a key for the success of this strategy" (IMF, 2006, p. 3). Such a decision could have a fundamental impact in the Libyan context, in terms of the banks' response to social issues.

Foreign and private banks that have a capitalist mentality (against ideological orientations of the State) are not focusing on social and environmental issues (at least as the State banks did). For this reason, the interviewees recommended the need for the survival of some public commercial banks and specialised banks.[120] According to interviewees, involving foreign banks should be limited and centralised in the administration and not in banks' ownership, due to the inability of national banks to compete.

Banks that were owned by the State were largely dependent on the State's support, and thus initiatives towards society were part of the State's programme. If we consider that some small private banks are struggling to stay alive, social initiatives for them, therefore, are an additional cost (see Fox, 2006). Thus social initiatives will be limited and often ineffective, as is the case with the State's banks. Therefore, as suggested by most interviewees, the State should keep public banks to ensure social initiatives.

The main concern of banks is to respond to the State's regulations, rather than a sense of responsibility towards society. Thus banks pay less attention to social responsibility unless it is imposed by laws or regulations. Such a context makes one believe that the socialist thought is not adopted in practice, unless it comes in the form of regulations or laws. Corporate social responsibility is the effort to adopt strategy and policies to consider all interested parties around the bank, including employees, the community, customers and

[120] Specialised banks that were created for the purpose of providing loans and facilities for economic activities and individuals (for instance in Libya: the Development Bank, the Agricultural Bank and the Savings and Real-Estate Investment Bank).

legal compliance. Several interviewees felt the social practice of banks was not enough, as their main concern is to achieve a return, particularly foreign and private banks. Furthermore, most interviewees confirmed the absence of polices and strategy for social accounting and responsibility. They confirmed as well the necessity of adopting such polices and strategy. However, their recommendations regarding policies are: supporting the non-profit organisations, creating benefits to society, giving preferential treatment to social institutions that have social activities, rationalising customers' use of funds, considering employees' training programmes and improving the quality of services, as well as amending the banking law to include organising the administrative structure and recommending social policies. Interviewees agreed about adopting polices and a strategy for social accounting and responsibility. This is why the researcher as well believes that adopting social accounting and responsibility vision/policies represents a road map for social well-being. Because social accounting/responsibility will not, therefore, be restricted by specific legislation or administrative decisions, it will be part of the bank's agenda.

To sum up:

Conducting these interviews aimed to give a voice to Libyan social actors and help understand how they practised social accounting and responsibility in LCBs considering the Libyan socio-cultural, legal, economic and political context. This context could enable them to mobilise and to engender and facilitate emancipation and thus emphasise transformation. In this regard, the interviewees had a positive attitude towards socially responsible accounting, but this positive attitude was not associated with positive practice. The impact of Islamic and Arab values/culture could explain the positive attitude towards social accounting and responsibility. Despite the level of socially responsible practice being insufficient, it was relatively higher than the level of social disclosure.

Interviewees confirmed that the main media communications to discharge accountability are the annual reports. For interviewees, the main objective of discharging annual reports and practices is to satisfy shareholders and the CBL. This contributes to the consecration of 'repressive/counter radical' social accounting rather than enabling social accounting. Interviewees acknowledged that banks are interested in social disclosure and practice that help in profit. Therefore, they confirmed the importance of adopting policies and strategies for social responsibility. Interviewees expressed the actual and potential social accounting and responsibility in LCBs, and also expressed the actual and potential government role in supporting LCBs' responsibilities. Interviewees are mobilised and affected by the State's power, which is represented by the dominance of socialist thought and the State's hegemony over economic activities, thus making them ask for more regulations and laws to achieve more social initiatives.

Environmental and social issues are not considered in the training programmes for employees. Although there is a law regarding environmental protection, that law is not clear on how to implement and enforce its requirements. It does not mention the financial sector and focuses on the industrial sector. Interviewees provided their view on social accounting which stems from their Western educational background. They did not reflect how the particular culture or Libyan context could see or influence social accounting and responsibility. As post-colonialism and globalisation have contributed to the consolidation of Western values and displacing of local values, considering accounting as figures and double entry, this has also contributed to the displacement of social and local values, and thus the view of accounting as a purely Western technology.

Globalisation and Western imperialism have a significant impact on banks' actions, because: (1) of the attraction to the Western form of banks for staff and the CBL; (2) most of the key LCBs kept their staff (those who lived through the capitalist period) with their mentality and educational background; (3) the Western educational background of LCBs' staff; (4) adopting international accounting and auditing in LCBs; (5) Linking the fates and interests of elite to Western culture, this makes the elite represent the internal tool of Western imperialism in implementing its agenda of managing the economic and political affairs of the State to serve Western imperialist goals; (6) global institutional tools such as the World Bank and International Monetary Fund impose the Western imperialist view. Their recommendations could cause serious social consequences. Moreover, other reasons behind the lack of social disclosure and practice might be that some banks decided not to report, because no one asks or cares, or because they fear the consequences of social disclosure. The absence of freedom, civil-society organisation, democracy, free trade unions and free media could be reasons for the low level of social accounting and responsibility. Also, the ideological thought of the State did not shape the banks' actions towards accounting disclosure as the impact of Western imperialism does. The presence of layers and an elite in Libyan society and the spread of corruption in different State institutions has contributed to the dominance of Western values.

Chapter Seven: Conclusion and A Way Forward

7.1 Introduction

This conclusion summarises the most important findings in this thesis, suggests ways forward, highlights positive potentialities, acknowledges limitations and suggests future research. The study is critical and contextual and draws on insight from postcolonial theory. The deposed Libyan regime raised the slogan of socialism and issued packages of laws and documents in the name of or ostensibly supporting social responsibility. However, in the real world such laws and ideologies were not very substantively applied or reflected. The research points out ways forward towards betterment and emancipation (Gallhofer and Haslam, 2003) of and through accounting practice and disclosure. The author sought to appraise existing practices and mobilise a social accounting taking into account the Libyan context. Such an effort was to be aimed to provide recommendations for social accounting practice and disclosure for the Libyan commercial banking sector. The recommendations were influenced by a critique of the status quo and reflections on the possibilities of social accounting and represented a better world as perceived by the researcher. The countering of some negative legacies of colonialism and dimensions of globalisation by considering the local context may be seen as a part of the way forward.[121]

One of the aims of this study has been to critique conventional accounting, as promoted in LCBs, in the postcolonial context of globalisation. The recommendation that has been made here envisions the current accounting system being replaced or reformed in favour of a more holistic form of social accounting that considers the Libyan context and shifts the

[121] As in other Arab countries, accounting education, regulations, standards and the profession in Libya have been influenced to a great extent by colonialism (see: Kamla, 2007; Gallhofer et al., 2011). Furthermore, the colonial experience in Libya was deeper than in other Arab countries, as in Libya's modern colonial history, the country had experienced Italian, British and French colonialism (see Chapter Four). Libya's gradual shift toward capitalism and the open market needs to be viewed with reference to globalisation and post colonialism.

role of accounting from a more repressive to a more emancipatory tendency. The general aim of this study has been to orientate social accounting towards an emancipatory or radical form that serves, considers and drives local contexts and values. This is in contrast to the conventional repressive type of social accounting dominating the Western context. In the course of pursuing a critical theoretical perspective, the study has sought to explore and understand the status quo in order to change it for the better, as table 7.1 indicates.

	The Research Aims		**Findings**
First aim	Exploring accounting/social accounting practice and disclosure in the LCBs, considering the accounting as problematic.	⇨	That exploration shows the low level of social accounting disclosure and practices in LCBs. Despite this, the empirical investigations suggested that while the levels of social responsibility practice were low, such practice was relatively more substantive than the disclosure.
Second aim	Criticising and understanding reasons behind current practice and disclosure. Helping bring about an enabling and emancipatory form of accounting/social accounting, using postcolonial and critical perspectives in attempting to achieve improvements in a Libyan context.	⇨	The findings of the empirical work, consistent with much previous literature, suggest that Libya has failed to establish its own system of accounting education and has not developed an accounting profession that reflects the Libyan context and needs. Business organisations, including banks, have mostly adopted accounting systems that reflect Western imperialist values. The packages of laws and the ideologies that have been proclaimed in Libya promoting social responsibility have been too much based on slogans. Social accounting and social responsibility have in reality been very poor. The relative absence of civil society organisations, freedoms, free media and free trade unions, as well as the spread of corruption may be reasons for that. Thus, accounting practice and disclosure reflect more counter/anti-radical 'repressive' forms of accounting in turn reflecting the relative dominance of conventional accounting and 'mainstream' social accounting.
Third aim	Changing the status quo for a better world that reflects more emancipatory accounting, including considering the Libyan context.	⇨	Suggesting a vision for social accounting in LCBs that considers all society's needs. Also, suggesting some other recommendations to develop social accounting and responsibility. It is recommended that social accounting and responsibility should be considered the collective responsibility of the State, society and banks

7.1 The Research Aims within a Critical Theoretical Perspective Using a Postcolonial Lens

Chapter Two outlines the character of the critical theoretical perspective used for the purposes of this analysis. This approach suggests the case for promoting an accounting system for LCBs that has a more substantive social dimension, pays more attention toward the whole of society (and the various stakeholder groups therein) and considers the relevance of local values that may differ from Western values. The value of enterprise is here seen as economic and social. Critical theory is concerned with finding ways of creating a more rational and humane society, emphasising social wealth and justice and seeking to counter all forms of discrimination. The concept or construct of social accounting emphasises the potential for understanding that the scope of accounting can extend beyond the presentation of financial information to include substantively all the information that substantively reflects banks' activities and social significance. Searching for possibilities of emancipatory change could contribute to the process of countering the repressive dimensions of accounting in society. The researcher holds that the impact of colonialism and post-colonialism on education systems, cultures and economies has contributed to the imposition of Western values and the neglect of local Libyan values. Consequently, encouraging an understanding of the colonial period with reference to the historical development of accounting in Libya can contribute greatly to explaining how social accounting practice and disclosure has evolved in the country. The literature review illustrates several key points regarding social accounting. Whatever group is concerned with social accounting often attempts to present collective responsibility as being divided among corporations, government and civil society. Several characteristics are used to express social accounting. However, it often attempts to explain the economic, social and environmental dimensions of the responsibility. Furthermore, the established literature indicates that social accounting is a contextual concept or construct, and thus depends on e.g. a country or a sector or a trajectory of development. The literature shows that content analysis/disclosure index, questionnaires and interviews are important and significant methods that can be used to obtain information and insight regarding social accounting practice and disclosure. The literature indicates that most of the studies in developing countries have indicated a low level of social disclosure and practice there. However, most of the studies do not highlight the quality or value of social practice and disclosure in terms of the tendencies considered here. Past studies have often neglected the colonial and postcolonial period. Few studies in the Arab world have considered postcolonial or critical theories in interpreting their findings (see: Ahmida, 2005; Kamla et al., 2006; Kamla, 2007). The literature highlights that satisfying shareholders and increasing profitability were the dominant motivations behind adopting the practice of social accounting, and that this reflects the dominance of Western mainstream social accounting. There was clearly a gap in these studies, as while they have focused on the financial aspects of the social accounting, little attention has been paid to the role or dimensions of civil society and democratic institutions, local laws, regulations, and State ideology.

7.2 Accounting as a Tool for Changing to the Better World

Accounting is not just a reaction to local requirements. The concept of accounting should be taught in its historical and geographical context, and with reference to the impact of the external factors on the local context (Miller and Napier, 1993; Carnegie and Napier, 2002; Bakre, 2004). The external factors notably include globalisation and relative Western dominance of the accounting system.

The social role of LCBs and their accounting systems became areas of great concern to society, the CBL and researchers, in the light of the important role of the sector in economic growth. Attention was drawn to the social role of LCBs and the way they dealt with issues such as the reform of the commercial banking sector, the concern to attract foreign investment and the adoption of the more repressive or problematic conventional accounting in the sector. This study suggests that social accounting has the potential to be an emancipatory tool in challenging conventional accounting practice to overcome the conventional narrow view of accounting by considering the whole of society. Considering social accounting as such embraces democratic virtues of transparency and accountability and paves the way for the creation of social wealth and justice (Gallhofer and Haslam 1993; 2002; 2003). Social accounting here seeks to promote responsibility with profit. It implies a caring attitude towards the "social and environmental consequences of conventional accounting", that conventional accounting neglects (Gray, 2002, p.692). Critical theory is appropriate not only for understanding and interpreting the complex relationship between the role of accounting in society and the social impact of accounting, but also for attempting to reconstruct that interaction for social betterment. Understanding and exploring the Libyan socio-cultural, legal, economic and political context could make it possible to mobilise engender and facilitate emancipation and thus emphasise transformation to a better state. Emancipatory potential as it is understood in this study refers to changing things for the better (see the perspective on emancipation elaborated in Gallhofer and Haslam, 2003, reflecting a critical theoretical orientation refined by engagement with postmodern thinking). This may come about through making banks' activities more visible to society and stakeholders and by including more information of relevance to society. It is thus important to go beyond conventional accounting, a more repressive or narrowly problematic form of accounting reflecting the current global capitalistic order rather than local and social needs.

Making social problems visible may be seen as an enabling or emancipatory potential of accounting, where providing information and adopting a high level of accountability may bring resolution nearer. Therefore, talking about emancipatory accounting is associated with accountability and transparency (providing an account). As mentioned in chapters four and five, some banks have recently been established; thus, for some, their first annual report was under preparation, while others had issued only one annual report at the time of the research. Added to this, the change in the laws and regulations on banks, and the merger of some banks, led to the emergence of banks and new entities (see chapter five). Therefore, obtaining only one annual report from some banks, does not indicate (most of the time) a lack of access to the reports, as far as recent indications that the banks were restructuring in the sector. The representation of banks by their annual reports in the thesis is consistent to some extent with the representation of banks in the LCBs and Libyan context. Where the key Libyan commercial banks, which represent more than 90% of LCBs in terms of assets, income and deposits are fully represented with four annual reports. While, the set of banks (which represents less than 10% of the population, in terms of assets, income and deposits), is represented with one annual report.

7.3 Findings of the Thesis

Conducting the disclosure index (as part of content analysis) of annual reports in LCBs could help to identify social initiatives that banks choose to declare. This is one of the reasons for giving voice to Libyan social actors and helping understand how they practice social accounting and responsibility by LCBs taking into account Libyan socio-cultural, legal, economic and political contexts. An awareness of such contextual factors could help engender and facilitate emancipation and transformation for the betterment of society. Banks need to make information available to allay stakeholders' concerns. Stakeholders in an organisation have justifiable concerns about the organisation's activities (Fiedler and Lehman 1995).[122]

[122] EU recommendation to regulate corporate behaviour outside of the EU's borders, include EU (2001): “given the extent of poor corporate behaviour overseas there is a role for EU legislation to regulate the infringement of internationally agreed laws committed by EU registered multinationals when operating overseas…Legislation acknowledging parent company liability is needed to stop the current abuses of corporate power and the race to the bottom in terms of labour (and environmental) standards resulting from globalisation”.

Enabling emancipatory social accounting could work by making entities' activities visible by adopting high levels of accountability and transparency as well as considering society's needs and contributing to social well-being. Furthermore, disclosure of social information could help to develop social practices by determining the significant bank operations that are more important to society and that contribute most to welfare and development. Making banks' activities publicly visible is important for more than one reason: judging the positive impacts of those social activities on the environment and society, enhancing banks' transparency, providing useful information to help improve services and activities for creating social wealth and reflecting banks' activities and their impact on the surrounding environment within which banks work.

'Good news' was the prevailing characteristic of disclosure, although there was some 'negative/bad news'. Most of the 'bad news' consisted of trying to justify low incomes. Also, the 'negative/bad news' also included a high ratio of tax, State discrimination in dealing with the banks, the impact of globalisation and the lack of skilled employees. In Libya, many of the economic sectors were owned by the State, and there was no competition between entities, thus making profit was not necessarily a priority for them (Buzied, 1998; Ahmad and Mousa, 2010). In trying to justify and attribute their problems to external causes, administrations in State banks do not hesitate to disclose negative or 'bad news' in their annual reports as they do not consider competition or reputation of the entity. It should be mentioned that there was no 'bad news' to justify low social performance.

In LCBs' annual reports, most of the information was in the form of quantitative financial disclosure. The quantitative disclosure did not include any further details except for training programmes and description of technological services. Narrative disclosure tended to be confined to the early pages of annual reports, such as the chairman's report or statement (address by the Chairman of the Board of Directors). The statements were mostly directed to the shareholders' annual assembly. Within some annual reports, there was also a narrative report presented by the Board of Directors, again located towards the beginning of the report. Most of the reports contain names of Directors, the Board of Directors' report, the key, financial statements and the external auditor's report. In some annual reports, if the financial statements and the chairman's statement (which is often less than three pages) are excluded, the report will be emptied of its narrative contents. One notes the great similarity between the annual reports of several different banks in terms of headings and contents.

According to the interviewees, the main way of discharging accountability in LCBs was through annual reports, but the level of social disclosure was very low. Disclosure of information has not generally been a major concern of LCBs. The sector had been totally owned by the State. In the past, profit was not a priority issue. Social information beyond conventional accounting was especially scarce; there being no laws or regulations requiring banks to disclose it. Moreover, the absence of independent trade unions, free media and civil society organisations contributed to the low level of disclosure. Regardless of the low level of disclosure, according to the disclosure percentages, the interest in disclosure was expressed in terms of the economy, employees, customers, community and environment respectively. This hierarchy reflected that the element that could contribute most to profit was often the most disclosed. Some banks expressed this quite explicitly.[123]

[123] This is also the case in developed countries. Roberts (1991) concluded that employee disclosure is different from environmental disclosure, companies disclosing more employee than environmental information.

A concern to satisfy employees and customers was clear in the annual reports and this concern could also be seen in interviewees' responses. There was considerable concern about the shortage of skilled staff, and the urgent need for them (banks were trying to offer the best conditions for employees by increasing salaries and incentives). Also, interviewees' responses highlighted the social dimensions of employee training programmes, including providing social benefits and health insurance to employees, and social and housing loans. However, interviewees admitted the clear link between these and the profit maximisation of banks. There was a high level of disclosure with regard to employees compared to that related to the community and customers, although employees' levels of engagement and human rights received little attention. This again reflects the fact that banks mainly focus on issues that contribute to profit while ignoring others. The disclosures related to employees follows the conventions of mainstream Western social accounting in linking social initiatives to the needs of businesses. Factors that might help the banks obtain more profit have always been given the most attention. However, there have been some positive potentialities that might reflect an emancipatory potential form of disclosure (such as insurance payments for employees, loans without interest and bonuses for employees).

The lowest level of practice and disclosure were in relation to the environment. None of the banks appear concerned about monetary or non-monetary issues related to the environment. Without exception, the annual reports do not mention environmental issues. Some interviewees considered the State to have the main responsibility for social and environmental issues. Others see the existence of limited legal obligations, the lack of social awareness, the poor state of accounting education and the nature of the sector itself as representing the main reasons for non-disclosure.

Some banks disclosed some social initiatives that were unusual in the context of their overall activity and which could be seen as having some emancipatory potential, such as opening branches in remote areas, investing in non-profitable companies contributing to the country's social wealth and granting loans without interest to people on low incomes. Such types of disclosure had not been recorded previously in studies concentrating on banks' social reporting in Western or other capitalistic contexts (see Zeghal and Ahmed, 1990; Tsang, 1998; Douglas et al., 2004; Coupland, 2006; Branco and Rodrigues, 2006). Despite this, some of these initiatives did not reflect the bank's strategy or policy. According to the interviewees, such initiatives represented an implementation of the instructions and agenda of the CBL/Government (as owner), regardless of the financial interest of the bank, which reflect the continuing influence of Libya's socialist policies. Banks under public ownership appeared not to pay much attention to profit, focusing more on addressing some social phenomena, as a result of governmental policies to implement some social programmes. Such an agenda might not offer practical solutions to problems, and may represent an additional cost to the banks and represent merely a temporary solution. For example, CBL/government required government banks to invest in certain projects that may not be considered attractive for investment. However, these measures were part of comprehensive government plans to finance such projects.

Despite the above mentioned social initiatives - which were limited and practiced by few banks, the annual reports' disclosures and most interviewees' responses highlighted that banks mainly aim to satisfy their shareholders. However, social responsibility is a moral obligation towards the community and beyond consideration merely to "satisfying customers and shareholders" (Salehi and Azary, 2009, p.65). Seeking to satisfy shareholders and customers has been contrary to the spirit of the prevailing socialist ideology of the State, which assumes that institutions are working in the public interest, and that profit is not their main concern. The banks' disclosures have focused on shareholders' benefits, profit making/maximisation and employee issues that aim to raise incomes. Even when they disclose some social information, they justify that disclosure for reasons of profit. Therefore, it can be inferred that disclosure in the banks' annual reports, far from supporting socialist ideology, tends more to reflect Western capitalistic ways, as a result of the postcolonial context and globalisation. The social disclosure in annual reports reflects that the Libyan regime's claims regarding social benefits and laws were merely slogans that were not implemented in the real world. Conducting social accounting to reflect corporate needs and maximise shareholder values could contribute to the enhancement of a repressive form of social accounting, instead of enabling an emancipatory form of social accounting.

The conventional accounting of the banks shaped by the postcolonial legacy and globalisation equates largely with a form of accounting that provides financial information that might be expected to satisfy shareholders' requirements. Thus, information in annual reports is targeted to meeting the requirements of shareholders, the CBL and government. Interviewees confirm that neither CBL nor shareholders care to provide social information. It appears to even be the case that some shareholders consider social initiatives as an extra cost. This draws attention to the need to try to achieve a form of social accounting that is concerned to engender social justice and welfare.

With regard to customers, it is difficult to track any type of disclosure that reflects emancipatory social accounting. Most customers' disclosures reflect more repressive social accounting or counter radical social accounting. Although the customers' category has a higher percentage of disclosure than the community category, the community category is linked to some positive potentialities (e.g. interest-free loans to people who have low incomes and investments in unprofitable companies). These positive potentialities indicate the possibilities of emancipatory change that could contribute to eschew the repressive dimensions of accounting. The reason might be that most social initiatives towards community are the result of government directives to banks for the implementation of the State's agenda and not banks' own policy, as banks without such direction have often had a poor social performance in this area. The quality in social terms of what is represented in community disclosure is potentially higher as it may directly relate to social concerns.

Some reports mention factors that affect banks' activities, including globalisation, economic and political impact, and the negative or positive impact of the policies of government and the Central Bank. The impact of globalisation can be seen through the recommendations of the IMF, the WB, and the Basle Committee, where the CBL relies on these recommendations to determine its policies towards commercial banks. However, none of these recommendations consider social issues directly, and mainly aim to protect Western interests (Held and McGrew, 2002), as those institutions are mostly controlled by Western countries.[124] Some deem that the institutions' recommendations have caused serious consequences for the economies of developing countries, especially social consequences (Ferri, 2003; Held and McGrew, 2002; Crowther and Martinez, 2004; Annisette, 2004; Rahaman, 2005). The role of accounting vis-à-vis these organisations has to relate to all issues which concern all interested parties. International standards are not developing in accounting regarding social and environmental issues in each specific context. Therefore, international accounting standards need to be re-considered to take into account the moral and social values of business organisations. Also, Libya needs to consider its local requirements when implementing such standards to develop social accounting to enhance social values. The dominance of Western education and

[124] E.g., the IMF pointed out that it is unsuitable for CBL to be the owner and governor for commercial banks (IMF, 2006).

international standards reflects to what extent accounting has been captured by repressive hegemonic forces.

The interviewees have been influenced by a conventional view of social accounting and responsibility. Even in defining social responsibility, interviewees did not express how the culture or Libyan context sees or influences social responsibility. Otherwise, they provide an understanding that resembles that found in mainstream Western social accounting literature, which reflects a Western view. A large proportion of the interviewees' responses reflect a positive attitude towards social accounting and belief in the significant role of banks in contributing to social wealth. The vast majority of interviewees accepted the important role of banks in society and perceived that this role should be part of banks' strategy. Social actors' attitudes towards social accounting are significant in that they indicate acceptance of possible change. But one also needs to acknowledge the significant issue of the actual practices of social accounting and banks' actual social responsibility, which appear to be disappointing. Social accounting policy and strategy that could contribute to formulating banks' social responsibility in the short and long run are lacking. Moreover, Libya is a postcolonial country, and the impact of imperialist culture 'mind's occupation' still shapes stakeholder behaviour and actions. A clear impact of imperialist culture can be in accounting education, the accounting profession and the accounting system in banks.

Despite the level of social responsibility activity being limited and generally insufficient (arguably), it was relatively higher or more substantive than the level of social disclosure. Notable 'social' practices were employees' training programmes, providing social benefits and health insurance to employees and social and housing loans. A link was discernible between such 'social' practices and profit of banks. Few interviewees mentioned the social activities practiced by banks such as charitable giving to some sports clubs, providing Islamic Murabaha services, considering women's employment and participating in cultural and scientific seminars. Such social initiatives are relatively 'new' in LCBs and highlight a trend towards interest in other social initiatives, as a result of changes occurring in LCBs in terms of ownership structure and openness.

Several interviewees deemed the main concern of banks, particularly foreign and private banks to be achieving a return. According to most interviewees, following a clear policy and a systematic policy of social responsibility must be among the banks' priorities. They also, recommend polices to involve supporting non-profit organisations, creating benefits for society, giving preferential treatment to social institutions that have social activities, making it possible for customers to have loans, encouraging employee training programmes and improving the quality of services.

Interviewees deemed what was then the role of the State to be focusing on legislation to protect customers' deposits, and as issuing regulations to regulate social and housing loans and the recovery period. Interviewees thought that the CBL should issue regulations forcing banks to consider a direct and indirect responsibility towards the environment, as limited awareness was seen as the reason for the lack of environmental consideration. Interviewees noted a lack of public awareness regarding environmental issues including the government, managers, people and educational institutions, and to the absence of independent local organisations that promote environmental protection. Interviewees also noted that social or environmental issues were not included in training programmes at the Central Bank's Training Centre.

Interviewees believed that the State should take some steps to engage banks in social responsibility, including: granting incentives and credits for projects that make a positive social contribution and have a positive environmental impact, creating independent local organisations working to protect the environment, promulgating social awareness, devising legislation to govern independent provisional unions, engaging civil society in the assessment of banks, focusing on social education/training, keeping the specialized banks under State ownership (given that their main function is industrial and housing lending for the public), and offering incentives and tax breaks for banks that engage in social and environmental activities. The interviewees recommended the need to keep some banks under State ownership while developing their social and financial services.

Interviewees expressed a concern about the future that awaits public banks as a result of the entry of the foreign private sector, where they felt that local banks would be adversely affected by this. Thus for them, in the Libyan context, the entrance of foreign banks was a premature step, due to differences in the Libyan context compared with other countries. Therefore, interviewees deemed that foreign partners should be engaged only in the banks' administration, due to the inability of local banks to compete with foreign banks. From experience of existing foreign partners in Libya some interviewees expressed their displeasure with the foreign partners, due to their focus on their personal interests. According to interviewees, the foreign partners exploited their management of the banks, giving preference to their main branch in their dealings. According to several interviewees, globalisation has had a significant impact on the banks' levels of social responsibility. Changes in ownership structure, and laws against money laundering and the financing of terrorism, could be seen as consequences of globalisation. Interviewees confirmed that they saw banks' social responsibilities as including the adoption of strategies and policies to consider all interested parties, including employees, community, customers, environment and the government.

7.4 Understanding/Interpreting Theoretically and Contextually the Reasons behind Accounting/Social Accounting and Responsibility Practice and Disclosure in the LCBs.

Several cultures have had a significant impact on Libyan society, including the Arabs, Turkish, Italian, British and French. However, the culture that has remained most entrenched in Libya's society and has a great impact on Libyan social and political life today is Islamic Arab culture. Libyan society has a conservative nature. Considering the community is a holy duty for every Muslim. Moreover, Libyan society is not very diverse regarding culture, ethnicity, race or language today. It follows mainly one Islamic doctrine: 97% of Libyan people are Sunni Muslim. Also, in the constitutional declaration that was announced in December 1969 after the military coup, Islam is the official religion of the country.[125]

For most Muslims, Islam is not just about the rituals of worship and prayer. It requires being good when dealing with others. The Prophet Mohammed said, "I have been sent to perfect good manners... The most complete of believers in Imaan [faith] are those who are best in character" (IslamicOccasions, 2010). Thus, the roots of social responsibility exist in Libyan culture and Islamic religion, which has an impact in the lives of people, so Islam presents guidelines for life and promotes social practices. Islamic religious principles, such as faith (aqidah), worship (ibadah) and morality (akhlaq), are stable and do not change with time, because its principles are derived from the Qur'an and Sunnah, which is not subject to change (Siwar and Hossain, 2009). As the Islamic religion shapes Libyan society and its behaviour towards society, it also shapes and guides the behaviour of corporations and banks. Islam has kept its obligation to social responsibility alive for centuries, in order to

[125] Although this announcement was a formality, as the Libyan regime followed the principles of Islam with regard to culture and Islamic penal system, and neglected the Islamic principles on the economy and commercial transactions.

create just and fair societies. The principles and objectives of Islam can only be interpreted in the service of social justice, thus accounting from Islam perspective could be seen as enabling emancipatory and radical betterment. Therefore, it could be claimed that Islamic teachings and values have an emancipatory potential, as they promote for moving a society towards a better life. Thus, the positive attitudes of banks' social actors regarding social accounting and responsibility reflect the impact of Islamic principles upon stakeholders of LCBs. The impact of culture and Islamic principles was evident through interviewees' attitudes towards social accounting and responsibility. Regardless of social practice, the large proportion of the interviewees' responses reflected a positive attitude towards social accounting and argued that banks have a social role. Many interviewees considered accounting as a form of numbers and double-entry, so for them accounting was merely technical. After explanation of the role of accounting in terms of the 3BL concept, I found it very positive that most of the interviewees positively appreciated and accepted the concept. Considering accounting as merely figures and technique may displace the social role of accounting and does not make room for local values to play their part. Considered as a globalised Western phenomenon, accounting may thereby enhance Western values at the expense of local values (Kamla et al., 2006).

Such positive attitudes are not reflected in positive practices, since there are other factors other than religion and culture which have contributed to shaping social accounting practice and disclosure, such as post colonialism and globalisation. The Italian occupation and the French and British Mandates have had a significant impact on Libya. In developing countries in general and Libya in particular, as in former Western colonies, the accounting profession and education have been influenced by globalisation's impact, international standards and the Western curriculum[126]. Thus, such factors are reflected in accounting practices and disclosures. Moreover, the colonial legacy has contributed greatly to the consolidation of Western values (Annisette, 2000; Suddaby et al., 2007; Irvine, 2008; Poullaos, 2009; Shareia, 2010). The colonial period contributed significantly to the formulation of educational and professional accounting in Libya, and continued to have an effect to the present day. The postcolonial impact has spread to all aspects of life, whether economic, political and cultural. Colonial power not only imposed Western values but eradicated and negated local values by using many tools such as media, education, international institutions and technology in accounting and auditing (Gandhi, 1998; Woolman, 2001; Mama, 2004; Teferra and Altbach, 2004; Mir et al., 2008; Bush and Maltby, 2004; Rahaman, 2010). This contributed to boost repressive tendencies in accounting. Some interviewees provided a specific view of social accounting. However they seemed to be influenced by Western views of social accounting and responsibility that focused on mainstream accounting literature in relation to their education background. They did not seem to consider how the particular Libyan context could influence social accounting and how globalisation and Western education are displacing local social values.

In Libya, during the period of occupation, the Western educational system and accounting bodies had been created, and there were no local accounting bodies until 1952. So, the international accounting firms established in Libya could be said to “drive Libya's accounting profession further towards a western model” (Sharia, 2010, p.11). Types of education, the background of accounting academics, the preferences and expertise of UK and U.S orientated accounting companies and firms have led Libyan accounting professional to adopt the Western style (Baker and Russell, 2003). Even when the State

[126] In addition to former Western colonies, other countries are also influenced by these factors, but Libya and most former Western colonies have a different cultural, economic and political context that may not be consistent with Western values. Thus, they need contextual accounting standards and a curriculum that consider a local context.

established local accounting associations, they were ineffective (Baker and Russell, 2003). In Libya, there were no local accounting standards and Libya has continued to rely on a Western curriculum in universities. Moreover, the CBL regulations and commercial banks law require banks and auditors to comply with international accounting and auditing standards (Libyan State, 2005; CBL, 2006). Furthermore, accountancy in Libyan Universities is dominated either by foreigners or those who have been educated in the UK and the USA. For Baker and Russell (2003, p.201) the most important factors that impact on Libyan accounting education are the structure of content of accounting courses and the background of accounting academics, where both "are mainly American and British orientated". Moreover, Western values still dominate the Libyan context and from the 1970s thousands of students were sent to the West, especially the UK and the US, to study for Master's and PhD degrees and most of them become members of staff at universities. Thus, independence for Libya indicates the end of land occupation, but it yields to a neo-colonialism, another form of occupation, which is 'mind occupation' (Gandhi, 1998). Therefore, the conventional accounting adopted in Libya could be seen as a colonial legacy to serve Western imperialistic interests. One can argue that accounting systems should be reformed take local contexts into account, with regard to the colonial heritage and the impact of globalisation (Rosser, 1999). Libyan socio-cultural, economic and political orientation to adopt Western styles led accounting in Libya towards a repressive tendency.

Thus, even if Libyan culture, customs and values urge social responsibility, Libyans are already influenced by values of Western imperialism, which are orientated to Western capitalistic forms. E.g., many business organisations, including banks, in Libya deemed CSR somewhat paradoxically voluntary and a luxury. However, in the Western context, business' organisations are monitored by civil society, media, and the trade unions, and also there is a higher level of democracy and transparency, which should make social accounting and responsibility a duty or render it subject to a social contract[127]. The Western economy is characterized by the predominance of the private sector, limited State interference and educational and accounting standards that are appropriate for their economy. Such characteristics fit with the individualistic societies of the developed nations (Sharia, 2010). However, in Libya, there is an absence of freedom, civil society, NGOs[128] and legislation and dominance of Western values. Moreover, the dominance of the State over the economy, the dependence on oil revenue as the main economic source means that the accounting standards and educational system are not suitable for the local context. Thus, social and environmental issues may not preoccupy the LCBs' attention (see chapter four; EU, 2001; Lodhia, 2003; UNRISD, 2005). It could be argued that the existing level of social accounting of LCBs stemmed from Libyan culture and religion, even if interviewees fail to express that reality, as a result of the influence of their Western educational background.

Influenced by mainstream social accounting, social accounting is voluntary in LCBs. Voluntary social accounting involves countering radical social accounting in a way that stems from a business organisation’s needs. Voluntary disclosure allows banks to disclose what they think serves their interests. Thus, talk about the emancipatory potential of social accounting is questionable in light of its being voluntary. The problems in Libya are deeper, due to the absence of non-governmental organisations for sponsoring and monitoring social action in companies. In this regard, global movements and initiatives

[127]And sometimes as a result of competition, CSR may be used as a tool to improve a company's reputation. Also, some entities provide social initiatives for customers and employees in effort to increase their profitability.

[128] NGOs could influence entities’ behaviour by mobilizing public awareness and action against any repressive radical accounting. NGOs could “act on behalf of society” to engage banks to report (Tilt, 1994, p.47). There are some NGOs whose exclusive aim is to provide shadow reports which can be compared with silent reports. For Dey (2007, p.311) “current experiments with counter-accounting and counter-information are perhaps more likely to owe their existence to civil society and the work of various campaigning NGOs than to the efforts of accounting academics”. Thus, NGOs could help to improve well-being, thus helping account for enabling or emancipatory potentialities.

such as GRI contribute to promoting voluntary social accounting. The global movement created under Western supervision mostly represents counter radical social accounting and Western business needs. Therefore, the global movement and initiatives, although they have existed for a long time, still promote CSR as a voluntary initiative. So they "have significant potential to displace more radical social accounting initiatives" (Gallhofer and Haslam, 2003, p.130) and are used by organisations to legitimate their activities. Hence, social accounting has a more repressive than emancipatory tendency. It is designed for service under the pretext of social accounting and therefore might be more repressive than conventional accounting.

The impact of Western values occurs not only in the educational and professional system, it also affects technology. Disclosure on technology is very common in LCBs annual reports. LCBs depend on Western models for technology, developing services and training programmes. Adopting Western technology is promoted by banks, CBL/government and other stakeholders (Al-Shukri, 2007). Investment in Western technology facilitates provide the necessary service to customers and contributes to improving banks' services. It also contributes to the consolidation of Western values in the local context. We cannot import others' technology without being associated with culture and values of those others, where the others' technology and culture are inseparable. Rahaman (2010) indicated that the use of Western technology in accounting and auditing has influenced African culture in a direction leading away from local values.

In LCBs, globalisation has imposed values that become stronger than domestic legislation, through for instance, the recommendations of the IMF, the World Bank, and the Basle Committee. As a Western organisation, the IMF promotes Western values and style. For instance, the CBL agreed with the IMF to create a "structured capital market and the first sovereign" (Saidane 2010, p.26). Changes in ownership structure, laws regarding fighting against money laundering and terrorism financing could also be seen as consequences of globalisation as well. Involving foreign partners in LCBs encourages the influence of Western values to increase. Because foreign banks are usually aware of international standards in advance, so local laws, cultures and values will be neglected unless they are imposed or monitored by civil society organisation, media or Trade Union, which are presently absent (GSO Project, 2004).

The lack of public awareness also represents a reason behind the non-disclosure of social information. Thus banks' activities do not reflect the importance of developing functions of accounting through expansion of accounting disclosure and practices by involving the social dimension. Additionally, it may add other factors, such as lack of experience and training in the banks' cadre, the lack of legislation and moral education. The lack of skilled employees could be one of the reasons for the low level of disclosure in LCBs annual reports. For Abayo et al. (1993, p.156) insufficiently qualified employees could make "compliance costs high", and thus contribute to poor quality corporate disclosures. These factors may hinder the practice of accounting and, consequently, may lead to social contravention in some cases. Accordingly, some banks think they are not obliged to report (see: Gray et al 1995a; Pennartz, 2006; Ugur and Erdogan, 2007).

Non-Disclosure may not be a lack of understanding or awareness on some occasions, as it may be deliberately practiced to avoid the consequences of disclosure. According to interviewees, managers still fear the consequences of social disclosure because shareholders may not accept the social expenditures disclosed. There was concern that managers should get the proper permission for the expenditures authorisation from shareholders in advance. Therefore, shareholders often seek only profit maximisation and reject most of the social initiatives suggested. The reasons behind such behaviour may go beyond the impact of postcolonial and globalisation. The consequences of the socialist experiment and isolationism make the shareholders seek to increase income and compensation, while they throw the responsibility on the State. In Libya, people have lived for decades under the socialist umbrella, thus the main income source for most people was a limited government salary. Shareholders would take the opportunity to achieve the greatest return, in order to compensate for the deprivation in the past years[129]. The insistence of shareholders to achieve maximum return, rejecting any costs that do not help in achieving the return might reflect that the deposed regime constantly threatened people with the possibility of cancellation of the private sector.

Social accounting is shrouded in ambiguity. The conflict of the socialist ideology, regulations and laws with liberal laws and regulations may have contributed to deepening the problems in the social accounting of LCBs. Some present laws and regulation promote towards social responsibility, while others restrict social responsibility. This reflects the conflict in Libyan laws and regulations that may not help in developing social accounting. However, such conflicts might be used to implement banks' own interests. In Libya, the regime constantly threatened people with a possibility of cancellation of the private sector. Thus, the Libyan regime was not reliable in terms of stability of legislation. There was much inconsistency between the socialist doctrine adopted by the Libyan regime, and the laws and regulations issued by the State. The regime's ideology that denies profit remained, which is inconsistent with laws that were issued allowing the establishment of the private sector. As the ideology derived from the Green Book was not subject to change or renewal under the regime's views, law and regulations were constantly changing in the absence of a constitution in the country and democracy. Therefore, banks in general and

[129] Some interviewees confirmed that shareholders would not agree with expenses that did not contribute to profit. This may explain why some of banks social practices are not disclosed in some of the annual reports of the banks.

shareholders in particular, are in need of legislation assuring the permanence of the private sector to give them the assurance of adequate stability. This reassurance could make shareholders and managers of banks pay more attention to social issues.

Regarding human rights and stakeholders’ engagement, the level of disclosure was either absent or very low. The lack of disclosure of human rights could be due to the sensitivities of human rights and freedom issues in Libya. So banks may wish to avoid these types of disclosure. Another reason is that no one might be concerned about these issues, especially with absence of local human rights organisations. Also, the culture of dialogue and listening to others’ opinions has not been easy to establish as a result of the absence of democracy, free media and NGOs, a long period of colonialism and four decades of dominance of a totalitarian regime that curbed freedoms. All of those factors might explain the low level of stakeholders' engagement and why a culture of dialogue and acceptance of others’ views did become prevalent.

As mentioned earlier, the main concerns of LCBs were reported to shareholders, the government and the CBL, while other parties were ignored. The reason could be that annual reports were issued by managements and directors to satisfy their shareholders. The shareholders and government/CBL voices were more powerful than the other voices. Thus, they had strong lobbies where their voices could be heard. Therefore, the parties interested in environmental issues, human rights and social needs were not considered. In annual reports LCBs expressed their compliance with government regulations and laws. Such compliance aims to send a 'reassuring message' to the government/CBL.

In this study, interviewees' calls for the government to introduce necessary regulation to force banks towards social and environmental practice and disclosure. Although the researcher argues as well that social accounting must be mandatory, the interviewees insistence on blaming the government to regulate and enact bank practice and disclosure reflects the dominant ideology of government in Libyan society and a kind of obsession over this reflecting the absence of democratic values and freedom in Libya. The State's policies in the social sphere cannot be separated from business organisations' policies. The public policy of the State should be formulated to strengthen, support, organise and complement banks' efforts in social accounting practices.

Another argument shed light on the government's role for accountability, responsibility and sustainability, in that carrying out social accounting practice is not an aspiration in itself, but the main target of social accounting is to reach social justice and social wealth (Ball and Seal, 2005; Ebner and Baumgartner, 2006) whenever the means exists to attain such targets through social accounting, corporate social responsibility, or State social responsibility. Moreover, social accounting practice can be achieved by adopting a parcel of regulations that assist organisations to accomplish their mission in protecting stakeholders' rights. Such protection might be completed through the government duty to ensure stakeholders' rights (Gray et al, 1996; Pearce, 2002; Adams, 2004; proveandimprove, 2008). Those stakeholders of organisations may represent all the different segments of society, including the government. This may lead one to think more about social accounting and responsibility and how to distribute the roles between community, business and government. Thus, social justice and social wealth can be generated by concerted efforts between community, business and government, each playing its role in social accounting and social responsibility field (McCabe et al, 2007).

The current role of the State in banks' social accounting and responsibility is as both regulator and owner of some banks. As a regulator, the State focuses on legislation to protect customers' deposits and to monitor the banks' commitment to financial legislation and enforcing laws. The other positive potential stems from how our concern increases as a result of the change of ownership and the entry of private and foreign sectors. Many of the initiatives that reflect emancipatory potential are a direct result of the directives of the State to banks. Such initiatives are not pursued by foreign or private banks (such as providing interest-free loans to people who have low income, distributing percentage of income to employees at the end of the fiscal year[130], investing in specific projects to service the national economy, and opening branches in remote areas for social purposes). Banks without State direction tend not to pursue a very positive social agenda. Spence (2009, p.207) makes such a point: "an emancipatory social accounting cannot be expected to come from corporations". The role of the State cannot be seen as an absolutely positive thing. The potential negative side is that the government/CBL may not be interested in the success of the bank as a unit and may be far more concerned with the implementation of the government's economic and social programmes. As the State may seek to compensate the failure in solving some social problems through imposing policies on banks to apply government agenda and polishing the image of government in isolation from the interests of banks. These instructions may reflect some personal interests and personal relations, and so they might be a breeding ground for corruption. Corruption is a disease plaguing the State apparatuses, a fact which the State and international organisations have recognised (Financial Standards Foundation, 2010; Qadafi, 2010).

Anti-corruption efforts could be seen as strategic social responsibility of the State, entities and society. However, it is the State's main responsibility to suggest solutions to address corruption issues. It will be unnecessary for the State to enact anti-corruption laws, simply

[130] Most of the private banks do not distribute a proportion from their income to employees. Even banks that were owned by the CBL stopped distributing when they entered into partnership with foreign banks. For example, Sahara Bank distributed a proportion of its income to employees at the end of 2005, 2006, but when the bank entered into partnership with BNP PARIBAS Group, Sahara Bank stopped distribution of a proportion of its income in 2007, 2008.

because these laws already exist, but are not effective as they have not been "effectively enforced" (Financial Standards Foundation, 2010). Enacting laws and regulations may be inefficient, with no tools that support the implementation of such laws and regulations. Moreover, the conflict between laws/regulations and the State's ideology makes officials and influential people in the State circumvent the laws and use them to serve their interests. Conflict between ideology, laws and regulations contributes to creating layers/elites in Libyan society and the spread of corruption in State institutions. The dominance of the elites, and the spread of corruption and conflict in laws and regulations, makes Western culture more attractive than local and social values. Elites often seek to enrich themselves and thus do not take social factors into account. Therefore, the imposition of colonial culture cannot be confined only to colonial powers or Western imperialism, but in those elites' wishes to import those values to create enrichment and accumulation of wealth as well as higher living standards. Thus, "global capitalism uses the elite as agents to achieve the global capitalist economic interest locally" (Bakre, 2004, p.22). The elite have linked their fates and interests to Western capital interest. The elite represent the internal tool of Western imperialism in implementing its agenda of managing the economic and political affairs of the State to serve Western imperialist goals. Also, dictatorship and tyranny often show compatibility with the colonial culture, and contribute to the emergence of elite beneficiaries (AL-Rabaiei, 2005). Another reason that may have contributed to spread of corruption is that Libyan culture depends on strong social ties. Family, clan and tribe regulate the relations between members of Libyan society and are widely respected. Sometimes, the loyalty of the individual to the family, tribe and religion might be greater than other obligations (Metz, 1987; Twati, 2006). Therefore, relationships play an important role, sometimes counter to the laws. The solutions should come through ethics and compliance programmes, and collective action initiatives, as well as by monitoring employment and loans, and linking them to social relations to track any possible corruption. Also, creating independent civil society organisations, trade unions and democracy could contribute to removing corrupt laws and regulations.

In addition to the apparent contradiction and inconsistency between the socialist doctrine adopted by the Libyan regime, and the laws and regulations issued by the State, in Libya, during the past four decades there were no free media or civil society. The future looks promising. Eight months after the beginning of the revolution on 17th February 2011, 220 independent journals had been published. Also the number of independent satellite and radio channels reached 17. Moreover, as promised by the new rulers of the country and under the supervision of the international community, a 'Constitutional Declaration' was launched. Those new tools may make the adoption of social accounting in LCBs make a more sense and become more effective.

7.5 Ambiguities in the Social Accounting of LCBs

Analysis of annual reports showed that LCBs accounting/social accounting had different tendencies/orientations. Relatively influential was a repressive form of conventional accounting promoted in the context. Most disclosures in annual reports focused on numerical and monetary manners to reflect expenses in financial statements. Another tendency was towards the counter radical form of social accounting (resembling manifestations of the Western social accounting), characterised by the following: (1) It is used for private purposes of businesses organisations at the expense of the needs of society to satisfy shareholders and key stakeholders for the purposes of profit (2) It is constantly reporting 'good news' while covering or justifying 'bad news' (3) It is mobilised by globalisation and global movements as voluntary rather than mandatory initiatives. Another tendency is the emancipatory form of social accounting mobilised by socialistic principles and Arab and Islamic culture and values, where there is some social disclosure that represents emancipatory potential in relation to society's needs regardless of the banks' own interests. Positive potential is present in each tendency. This includes giving loans free of interest to low-income people, opening branches in remote areas, investing in non-profitable companies and increasing the distribution ratio of profit for employees. Also, positive potential exists in the other two tendencies. Both conventional accounting and mainstream Western social accounting represent commitment towards State laws and regulations. Moreover, satisfying shareholders, customers and employees is not something totally 'bad', as they represent part of society. Ambiguity and complexity of emancipatory potential in social accounting of LCBs exists and is to some extent expected and appreciated as well. Emancipation represents the struggle towards betterment, thereby such struggle "always involves ambiguity and something less than purity" (Gallhofer and Haslam, 2011, p.503).

If the banks' disclosure tends to be beyond conventional accounting (by providing some broader social information), the apparent accountability to stakeholders here is tending to help the banks legitimise its activities more problematically rather than effecting more external transparency. This tends to take the form of disclosing only 'good news' while displacing, countering or trying to explain or justify 'bad news' (e.g. see chapter five, where 'good news' was the most dominant form of disclosure) (see Tinker et al., 1991; Gray et al., 1995b; Reed, 2002; Gallhofer and Haslam, 2003; Unerman, 2007). The thesis here tends to confirm the argument that the entity's concern with stakeholders' engagement serves its own interest, which leaves some researchers sceptical about whether "engagement and dialogue are actually taking place" (Unerman, 2007 p.86). The evidence from the thesis is that aside from the level of social disclosure being very low, some important issues were absent most of the time (human rights disclosures ranged between

0% and 3%). Also, community engagement, employees' engagement and, customer engagement stood at 3%, 3% and 7% respectively, while shareholders' engagement was 74%, which reflects that banks mainly are concerned with shareholders and largely ignore others. So, shareholders here seem to be the more powerful group. Thus, banks' engagement in practices of legitimacy or what has been termed in relation to crisis "pseudo-legitimacy of the system" is shaped by the relative dominance of the special interests of a specific group (Dobrohoczki, 2007 p.24).What is missing here is a democratic dialogue as a road map based on the principles that allow all stakeholders to speak, question, act and express attitudes (Habermas, 1992).

The argument reflecting prior literature and the thesis evidence confirms that engagement, dialogue, transparency and accountability with and to stakeholders has been substantively captured by repressive forces, being directed to serve corporate interests at the expense of the public. Thus, under the current politico-economic system, accountability in practice is not something totally positive, but may take on a dark side, where it "produces organizationally desired outcomes" that are problematic (Frink and Klimoski, 2004 p.11). That is why part of the thesis argument is to engage the media, NGOs, universities and government as key stakeholders to regulate and promote accountability in entities (see Gallhofer et al., 2006; Dey, 2007; Spence, 2009).

7.6 Ways Forward for the Social Accounting of LCBs

The argument advanced here is that social accounting can contribute to liberating accounting from its repressive role and allowing it to have an emancipatory role that consider society's needs in the Libyan context. Thus, a change could lead to more social wealth and justice. Conventional accounting is deemed to neglect social issues, focusing on financial information to meets shareholders' requirements while other stakeholders are not given much attention. It is thus necessary to contextualise social accounting in Libya, by considering the factors impacting on the development of social accounting. Those factors include accounting education and practice, the role of government policies and regulations, and social, cultural, political and economic dimensions. Considering such factors could facilitate emancipation and transformation towards betterment.

The colonial period was prominent in the history of Libya, and the country suffered from military and cultural imperialism for a long period of time. This history is so important to understand the evolution and emergence of accounting, and how current practices arose. The historical and legal background of Libya has a great impact on social responsibility practices. The rich historical background of Libya, which includes the period of colonialism and postcolonialism, could explain the status quo of accounting practice and disclosure (Baker and Russell, 2003; Bakre, 2004; Shareia, 2010). Accounting is here shaped by colonial inheritance and reflects Western values. These factors have contributed greatly to the existence of repressive conventional accounting and counter radical social accounting. Therefore, one may start thinking of accounting as social and institutional practice in terms of the anti-colonial movement (Bush and Maltby, 2004). The concern is to foster social justice and help resolve social issues through the collective responsibility of entities, society and the State. Western values and conventional accounting have in some ways contributed to the spread of injustice and poverty, inequalities, social exploitation and obliterated local cultural identity (Gallhofer and Chew, 2000; Jayasinghe and Thomas, 2009; Joannides et al., 2010). Postcolonial social accounting may be considered a tool to abstract accounting from colonial constraints, and concentrate more on what matters to the local context. The concern here is not to totally neutralise Western values. Things are not so clearly demarcated. Besides, it is impractical to think in those terms. Colonialism and globalisation contributed to the consolidation of Western imperialist culture in Libya. By adopting the language of dialogue between different civilisations and accepting the culture of others, and integration with them, a hybrid system may be fostered that constitutes progress. This is a step beyond a crude exporting of Western culture to others on the premise of purity and authenticity. The hybridity concept for Steger and Carver (2009, p.95) "minimizes or mitigates the violence of the colonial encounter" rather than challenges it or replaces it by local values in some absolute sense.

Lundgren and Catasu (2000, p.188) reported that "very few businesses are as highly governed by strict codes of practice as banks". The issue is whether this regulation is properly aligned to social responsibility. The banking sector is expected to consider the needs of all of society, not just, if as well as, shareholders (Moyo and Rohan, 2006; HSBC, 2009; Achua 2008). Banks here have a duty to satisfy all in society, not merely by adopting social initiatives, but also by adopting a social strategy and policy (Achua, 2008). There is scope for civil society: studies have shown that the level of social responsibility reflected in annual reports determines consumers' choice of bank (Ahmed and Haron, 2002; Dusuki and Abdullah, 2007; Al-Ajmi et al., 2009). Lack of unanimity on CSR and stakeholders makes it difficult to adopt clear policies for social accounting (Crane et al., 2005; Nielsen and Thomsen, 2007) but efforts should be taken to better social accounting, considering the local context of each case.

7.6.1 Collective Responsibility of the State, Entities and Society

The role of banks in society should be envisioned as a strategy for the future. That strategy, according to the interviewees, could include providing social reporting, employment opportunities for the community, achieving employee satisfaction within the organisation, offering social benefits and contributing to social cohesion and environmental protection. In the banking sector, there is no magic formula that can be provided to make banks contribute to achieve social justice and well-being. Instead, the banks need to adopt a clear social policy and strategy to achieve social justice and well-being, taking into account the surrounding circumstances and context. The researcher argues that such goals can be achieved by adopting social accounting. For some banks, certain projects are not attractive for investment, so banks may not be interested in engaging in them, although they may represent an urgent need for society and may have a great social benefit. Therefore, the State should take over such projects and support them, perhaps encouraging banks to finance them in return for incentives and guarantees. Thus, in order to encourage banks to invest in such projects, the State should provide incentives such as ensuring investment recovery, and attractive investment returns. Such a policy may make banks accountable beyond their narrow activity to include society's needs. LCBs' annual reports showed some of the investments being made by banks in some public projects. However, such investment came as a result of government directives. Without incentives, the private banks, not under State ownership, had insufficient incentive to invest in such projects. This makes the role of the State in this field particularly important.

Stakeholders' perspectives should be clear enough for any bank, as they shape to a large extent the bank's role in society. If we do not clarify society's needs or wishes how do we oblige banks to meet their reasonable targets[131]? People may influence banks' behaviour through engaging with them (Bebbington et al., 2007). Thus, banks' behaviour could be driven by society's interest in emancipatory potential rather than just being shaped by more repressive shareholder-orientated factors aligned to a more repressive accounting. In this regard, banks should listen to stakeholders to learn what banks should do for them as part

[131] Buhr (2007, p.58) reported :'I do not believe that we (citizen, shareholders, government and NGOs) have yet sorted out the corporation's role in society'.

of community[132]. There is no pre-prepared list of universally applicable stakeholder' requirements. Stakeholders' requirements will be different, depending on the context, and social accounting is contextual.

Social and environmental abuses cannot be deemed to be a purely corporate responsibility. For the social accounting umbrella to be effective, it should be supported by government and civil society, whose role has more than one dimension. Firstly, both government and civil society can be working from inside a social accounting system as bank stakeholders. Also both can share in social responsibility as a complementary effort. Both are organisers and observers, interested in public affairs rather than the private interest of banks. Thus, they should study the actions and behaviour of banks and their impact on society and the nation. The social role of the State beyond the banks' framework is indispensable, especially, in areas which cannot be covered by banks or any other business organisations like the general health system, unemployment insurance programmes or a social security system, which all have important roles to play (Ball and Seal, 2005). This may represent a general framework of social accounting practice, whereby entities remain accountable "for what they do" (Shaikh and Jakpar, 2007, p.2).[133]

Besides the State, the role of society is particularly important, as the NGOs, free media and free trade unions can work to monitor the operations of banks and their legal commitment.

---

[132] E.g., Customers' Engagement could be applied through electronic channels (retail), and regular market surveys to measure customer expectations and satisfaction as well as deal with customer questions or complaints. Further, Employees' Engagement might be performed by internal employee surveys, training and development, regular meetings and annual performance reviews. The Community's Engagement could include collaboration with a number of local institutions. Shareholder Engagement could be achieved through annual general meeting and Board of Directors' meetings. CBL Engagement might be conducted by regular reporting requirements, regular visits by the CBL and responding to periodic requests by the CBL. The Environment's Engagement could be seen in terms of communicating with the general environmental authority and NGOs.

[133] The State should be responsible for what companies do as well as for its policy in the social accounting field: "businesses organisation and its characteristics are themselves viewed as a consequence or effect of government policy, social pressures or the general functioning of the social context, business social accounting can assume a broader scope" (Gallhofer and Haslam 2003 p.149).

These organisations could contribute to strengthening their commitment to human rights and principles of social responsibility even beyond legal obligations. Also, NGOs could encourage and promote banks to report by providing shadow/counter reports that can be compared with the silent reports of different entities (Dey, 2007).

7.6.2 Other General Recommendations for Ways Forward

Banks have to follow a clear policy and have some systematic social responsibility. The policy should consider and engage all the interested parties. Moreover, banks' policies should consider issues such as supporting non-profit organisations, creating benefits and social initiatives within society, giving preferential treatment to social institutions that have social activities (such as scouting and associations for the blind and orphans), allowing customers to have equal access to bank loans, offering social and financial training programmes for employees, improving the quality of services, and considering the impact of other companies on the environment before funding them.

The argument here is that roots of social responsibility existed in Islamic and Arabic culture prior to the Western values becoming influential in the Libyan context. Social responsibility in the Western context involves working within capitalist societies with civil society organisations, independent trade unions and a free media. In Libya, such institutions did not exist. The social responsibility construct was accepted in Libya in a way reflecting Libyan values and beliefs stemming from Islam, aside from Western values. Responsibility towards society is part of our ethics and heritage. Social considerations found in practice in the West are bound up in a capitalist frame of reference and valuing its legitimacy. Mainstream social as well as conventional accounting substantively represent those values and have been articulated as repressive forms of accounting consistent with the literature. The construct of social accounting should be properly mobilised and regulated in the local context according to local values. At the same time, the opportunity is that the construct in Libya be supported and strengthened by creating civil society organisations, trade unions, establishing democracy and State supervision. Also, it is important to create a culture of responsibility by promoting accounting ethics education. The accounting curriculum should be amended in line with the local cultural and social contexts.

In terms of social reporting various measures need to be introduced, including, considering the voices of all stakeholders; a high level of transparency, reflected in reports on all aspects of a bank's work, rather than a selective sample of good news; social reports should be mandatory and regularly prepared, even if such reports need not be restricted to a specific content or a particular form; comparisons of performance with targets and previous years; considering targets, benchmarks and external standards (e.g. GRI and AA 1000); covering all the banks' activities. Such reporting should be subject to independent verification.

Raising public awareness of social responsibility is a duty of the State and the banks. The media, employees' training programmes and accounting education may all increase awareness of social responsibility. For Collison et al. (2007, p.331), in increasing awareness of social accounting responsibility, it is not enough to offer a new social accounting curricula, "but to stop teaching some old ones". In Libya, curricula serving a Western context has been relied upon; an old and translated curricula and mostly concerned with financial topics and neglecting social topics.

In banks, social and environmental responsibility means banks not just being responsible for their own impact, but also for directing credit to companies that e.g. better look after the environment. Therefore, banks should frame their policies to meet corporate social responsibility. Policies should define the minimum standards to be met by prospective corporate customers before a bank finances them.

The actual and potential role of the State in promoting social wealth should be evident in areas including: banking supervision to protect customers' deposits; issuing necessary regulations and legislation to disclose social activities; removing ambiguities and tensions and contradictions between the State's ideology, laws and regulations (see chapters four and five); granting incentives and credits for projects making positive social contributions and having positive environmental impact; creating independent local organisations responsible for promoting environmental protection; promulgating social awareness, and legislation governing independent provisional unions; formulating the social standards of the accounting profession; focusing on social education in accountancy in universities; encouraging banks to invest in infrastructure projects by providing incentives to those banks, such as ensuring investment recovery, and attractive returns for the investments. Furthermore, the State must take into account that the banking sector is an emerging sector. Granting facilities and exceptions to foreign banks may lead to the inability of local banks to compete. There may be other serious consequences, in that other priorities, such as society's needs, may be neglected. Thus, at this stage, the involvement of foreign banks should be limited to administration and expertise and not their ownership and control.

The State needs to attempt to harmonise its legislation with realistic targets, in order to give banks and other stakeholders the necessary reassurance and confidence. This could help banks work in an atmosphere of trust and pay attention to community needs on the basis of the stability of legislation. The particular socialist ideology that Libya had may be transformed with the on-going changes resulting from the Libyan revolution. Events in Libya, affecting economic, political and social development, may bridge the distance between the Libyans and the West and the Libyan people have considered the West as supportive. However, these events may not necessarily contribute to the consolidation of the Western values already present as a result of postcolonialism and globalisation. These events do indicate more openness to democracy and freedom, and also indicate the prospect of unprecedented and comprehensive political reform, including the building of civil-society organisations and independent professional associations. All of these will increase the level of transparency, dialogue and democracy so important for social accounting. Adoption of social accounting by the banks is very important during this phase, to engage banks during the development phase and encourage restructuring with regard to community social welfare needs. Moreover, in transforming accounting's tendency from more repressive to more emancipatory, banks should set their eyes towards planning the future, consider how they contribute to reconstruction and share the State's concern for social entitlements. In this way, the principles and spirit of social accounting towards social welfare and social justice could be achieved.

7.7 The Thesis's Contribution to Knowledge

The importance of the study came from the importance of the banking sector in economic and social development; the importance of social accounting as an emancipatory tool; and the timing of the study, coinciding with the change in ownership structure. Thus, the study provides some recommendations that might help banks keep their positive contribution. So far, this study is the only one conducted to discuss social accounting in the Libyan banking sector. Therefore, the main contribution of this study is covering the future emancipatory potential (way forward) and accounting and social accounting in the Libyan context (status quo) and beyond. The following summarise the main contribution of this study:

- The importance of Libya within its regional and global framework adds to the value of the thesis, where Libya, in general, represents a vital security and economic interest to

Europe. Thus, this study could represent evidence on social disclosure and practices in Libyan banks, as well as the global banking sector.

- This study contributes to discovering an unexplored area in the Libyan context. As far as the author is aware, social accounting and responsibility for LCBs were relatively unexplored before this study.
- This study seeks to make an original contribution to knowledge by providing information regarding social accounting practice and disclosure in LCBs that could narrow the gap in the literature about the subject in the Libyan context and beyond. The review of literature in this study could be seen as a significant contribution as well, as it has revealed gaps. E.g. most of previous studies focused on the financial implications of social responsibility, also they did not pay enough attention to postcolonial theory
- The lack of social accounting studies in developing countries emphasises the contribution of the study beyond the country context. So, considering the Libyan context could give an opportunity to highlight the Libyan local community's voice and make the local requirements visible. Where, listening to non-Western voices could institute a language of dialogue and co-operation between different civilisations and thus contribute to creating a kind of hybrid system that may be more accepted and appropriate globally - instead of the sole dominance of the Western voice that contributes to displacing local values.
- The contribution of the study will be beneficial, both academically and professionally. Where the study represents a source of information for academics, professionals and investors, because (1) it is a first study in social accounting in LCBs. (2) Libya launched licenses that invite foreign investors to open new banks. Many European banks applied

for these licenses, thus, this study could represent evidence on social disclosure and practices in Libyan banks and beyond.

- The thesis contributes also, through exploring the actual attitudes/perceptions of various groups in Libya towards social accounting and responsibility practices, and to what extent they are satisfied vis-à-vis social accounting and responsibility, constitutes a new contribution.
- The study draws attention to the impact of education and Western thought on banks and their accounting systems. The other contribution of the study lies in illuminating the tension between the ideological thought of a socialist country, and the global dominance of Western capitalistic thought.
- The other contribution of this study is its attempt through a critical and postcolonial lens to fill the gap in knowledge regarding how to design social accounting and reporting, while taking surrounding conditions into account. This takes into consideration changes taking place in LCBs' ownership structure, economic, social and political factors, and gives consideration to the impact of globalisation, with respect to education, and guidelines from international and global institutions, among other factors.
- Using postcolonial theory could be seen as a significant contribution to the accounting literature, where most previous accounting studies in the Arab world did not pay enough attention to postcolonial theory.
- The contribution of the thesis could be also seen, in application to actual accounting practices as well as to potential accounting practices, which make the logic of the argument extended for purposes of empirical exploration to the three accounting tendencies radical form, counter radical and repressive form of accounting.

- The contribution of the study is highlighted in it being particularly timely, where the economic sector in general and banking sector in particular, are undergoing reform, and are passing through a transition period.

- The findings of the study could be seen as significant contribution through highlighting ambiguity and inequality aspects. Inequality as a result of dominance of the Western values and capitalist system, inconsistency between Libyan laws, regulation and ideology and the absence of NGOs, free trade unions and other freedoms. Also, ambiguity as a result of existence of the three tendencies of disclosure, including conventional accounting, mainstream social accounting and radical form of social accounting.

7.8 Limitations of the Research

Like other studies, this study has some limitations. The limited number of participants in the interviews is one of those limitations. However, the researcher did try to achieve diversity among the participants and made progress in this respect. Another limitation is that out of the fifteen commercial banks three were excluded as their annual reports could not be obtained. Content analysis/disclosure index has its limitations too. Of course, communicator intentions via the content of the text can be interpreted differently by different researchers (Mashat, 2005). Moreover, content analysis is here focused on reports over a limited period of time (2005-2008). Among other limitations, the research focuses on the commercial banks, excluding the specialised banks. Therefore, it can be suggested, for future research, that considering the social disclosure and practice of the specialised banks would be very useful. Choosing annual reports could be seen as a limitation of this study, if they represent a main media of communication. Annual reports are the only reports LCBs are required to publish. In this study, interviewees confirmed that the annual report is the main medium of communication for banks, and there are no other reports dealing with social responsibility. Some banks have websites but others not. However, as these banks will develop their websites, the recommendation here is that these websites could be examined in future studies.

References:

AA1000 (2005) Stakeholder Engagement Standard. *AccountAbility, Institute of social and ethical accountability. Avalible <http://bit.ly/vIGAQj>.*

Abayo, A. G., Adams, C. A. & Roberts, C. B. (1993) Measuring the Quality of Corporate Disclosure in Less Developed Countries: The Case of Tanzania. *Journal of International Accounting Auditing & Taxation,* 2**,** 145-158.

Abdussalam, A. (1985) *The Impact of Recent Economic Changes in Libya on Monetary Aggregates* "Planning and Development in Modern Libya" Middle East and North Africa Pres Ltd.

Abeysuriya, K., Mitchell, C. & White, S. (2007) Can Corporate Social Responsibility Resolve The Sanitation Question in Developing Asian Countries? *Ecological Economics,* 62**,** 174-183.

Abubaker, A. (2007) Influence of Core Cultural Values on The Communication Behaviour of Staff In Libyan Organisation. *Available <http://research.ncl.ac.uk/ARECLS/volume4.html>.*

Abu-Baker, N. & Naser, K. (2000) Empirical Evidence on Corporate Social Disclosure (CSD) Practices in Jordan. *International Journal of Commerce and Management,* 10**,** 18-34.

Achua, J. K. (2008) Corporate Social Responsibility in Nigerian Banking System. *Society and Business Review,* 3**,** 57-71.

Adams, C. & Harte, G. (1998) The Changing Portrayal of the Employment of Women in British Banks' and Retail Companies' Corporate Annual Reports. *Accounting, Organizations and Society,* 23**,** 781-812.

Adams, C. & Mcnicholas, P. (2007) Making a Difference: Sustainability Reporting, Accountability and Organisational Change. *Accounting Auditing & Accountability Journal,* 20**,** 382-402.

Adams, C. (2004) The Ethical, Social and Environmental Reporting-Performance Portrayal Gap. *Accounting, Auditing and Accountability Journal,* 17**,** 731-757.

Adams, C. A. (2002) Factors Influencing Corporate Social and Ethical Reporting: Moving on from Extant Theories, *Accounting, Auditing & Accountability Journal*, 15, 223-250.

Adanhounme, A. B. (2011) Corporate Social Responsibility in Postcolonial Africa: Another Civilizing Mission? *Journal of Change Management,* 11**,** 91–110.

Ahmad, N. N. & Haron, S. (2002) Perceptions of Malaysian Corporate Customers towards Islamic Banking Products and Services. *International Journal of Islamic Financial Services* 3, 13-29.

Ahmad, N. N. & Sulaiman, M. (2004) Environment Disclosure in Malaysia Annual Reports: A Legitimacy Theory Perspective. *International Journal of Commerce and Management,* 14**,** 44-58.

Ahmad, N. N., Sulaiman, M. & Siswantoro, D. (2003) Corporate Social Responsibility Disclosure in Malaysia: An Analysis of Annual Reports of Klse Listed Companies. *Journal of Asia-Pacific Business: Journal of Economics and Management: by The International Islamic University Malaysia* 11.

Ahmad, S. N. & Gao, S. (2004) Changes, Problems and Challenges of Accounting Education in Libya. *Accounting Education,* 13**,** 365-390.

Ahmad, S. N. & Gao, S. (2005) Corporate Environmental Reporting in Libya: A study of absence. *Social and Environmental Accounting Journal,* 25**,** 11-14.

Ahmad, S. N. & Mousa, F. R. (2010) Corporate Environmental Disclosure in Libya: A Little Improvement. *World Journal of Enterprenuership, Management and Sustainable Development,* 6**,** 149-154.

Ahmad, S. N. (2004) Corporate Environmental Disclosure in Libya: Evidence and Environmental Determinism Theory. Thesis (Ph.D) Edinburgh, Napier University, UK.

Ahmida, A. A. (2005) *Forgotten Voices Power and Agency in Colonial and Postcolonial Libya*, Routledge Taylor & Francis Group.

Ahrens, T. & Chapman, C. S. (2006) Doing Qualitative Field Research in Management Accounting: Positioning Data to Contribute to Theory. *Accounting, Organizations and Society,* 31**,** 819-841.

Ahuvia, A. (2001) Traditional, Interpretive, and Reception Based Content Analyses: Improving the Ability of Content Analysis to Address Issues of Pragmatic and Theoretical Concern. *Social Indicators Research,* 54**,** 139-172.

Al-Ajmi, J., Hussain, H. A. & Al-Saleh, N. (2009) Clients of conventional and Islamic banks in Bahrain: How they choose which bank to patronize. *International Journal of Social Economics,* 36**,** 1086 - 1112.

Al-Awadi, E. (2011) Europe is Considering an Alternative of Libyan Oil. *Al-Wafd newspaper. Available <http://bit.ly/jygNUo>.*

Albareda, L., M.Lozano, J., Antoniotencati, Midttun, A. & Perrinin, F. (2008) The changing role of governments in corporate social responsibility: drivers and responses. *Business Ethics: A European Review,* 17**,** 347-363.

Al-Eisa, A. S. & Alhemoud, A. M. (2009) Using a multiple-attribute approach for measuring customer satisfaction with retail banking services in Kuwait. *International Journal of Bank Marketing,* 27**,** 294 - 314.

Alejmaa Alarabi Bank. (2006) Annual report.

Al-Khater, K. & Naser, K. (2003) Users' perceptions of corporate social responsibility and accountability: evidence from an emerging economy. *Managerial Auditing Journal,* 18**,** 538 - 548.

Al-Marri, K., Ahmed, A. M. B. & Zairi, M. (2007) Excellence in service: an empirical study of the UAE banking sector. *International Journal of Quality & Reliability Management,* 24**,** 164 - 176.

Alok-Kumar, P., Chandra, S. N. & Bhagaban, D. (2008) Environmental accounting and reporting With special reference to India. *The Cost and Management* 35**,** 16-28.

AL-RABAIEI, I. N. (2005) History: Read the post-colonial. Future Centre for Studies and Research *Available <http://mcsr.net/activities/024.html>.*

Alsaraya Bank. (2007) Annual report.

Al-Sawi, A. (2008) Popular capitalism is a Libyan cover for market economies. LibyaForume. *Available* < http://bit.ly/zSWut6>.

Al-Shukri, M. A. (2007) The banking sector in Libya reality and ambition. *The World Centre for Green Book research and studies: The cultural season of Ramadan.* Tripoli- Libya. *Available <http://www.ac.ly/vb/showthread.php?t=653>.*

Alwaddan, A. (2005) Banking Reforms and Banking Efficiency in Libyan Commercial Banks: A Non-Parametric Approach. PhD *The Newcastle Business School* Newcastle. Northumbria Universty. UK.

Alzeriqi, G. (2009) The adequacy of legislation and laws in the Libyan Islamic Financial Services. *Paper presented to the workshop training on the Libyan banks and Islamic banking.* Tripoli 6/2009

Amaeshi, K. M., Adi, B. C., Ogbechie, C. & Olufemi, O. A. (2006) Corporate Social Responsibility in Nigeria: Western Mimicry or Indigenous Influences? *Journal of Corporate Citizenship,* 24**,** 83-99.

Aman Bank. (2006) Annual Report.

Amran, A and Devi, S. (2007) Corporate Social Reporting in Malaysia: A Mixed Method Approach. 5th Asia Pacific Interdisciplinary Research in Accounting Conference. Auckland, New Zealand, 8-10 July 2007. *Available <http://bit.ly/MdSFt9>*

Andrew, B., Gul, F., Guthrie, J. & Teoh, H. (1989) A note on Corporate Social Disclosure Practices in Developing Countries: The Case of Malaysia and Singapore. *British Accounting Review,* 21**,** 371-376.

Annisette, M. (2000) Imperialism and the professions: the education and certification of accountants in Trinidad and Tobago. *Accounting, Organizations and Society,* 25**,** 631–59.

Annisette, M. (2004) The true nature of the World Bank. *Critical Perspectives on Accounting,* 15**,** 303-323.

Ararat, M. & Göcenoglu (2006) Drivers for Sustainable Responsibility, Case of Turkey. *Working Paper Series, Corporate Governance Forum.*

Ararat, M. (2006) Corporate Social Responsibility Across Middle East and North Africa. *SSRN eLibrary*.

Argandona, A. (2009) Can Corporate Social Responsibility Help us Understand The Credit Crisis? *Working Paper. IESE Business School - University of Navarra.*

ASCA (2008) Certificate Accredited in Syria, Oman and Libya Arab Society of Certified Accountants

Ashcroft, B., Griffiths, G. & Tiffin, H. (2003) *The Post-colonial Studies Reader.* British Library Cataloguing in Publication Data.

Azolukwam, V. & Perkins, S. (2009) Managerial perspectives on HRM in Nigeria: evolving hybridization? *Cross Cultural Management: An International Journal,* 16**,** 62-82.

Bailey, D. (1990) Accounting: tool of business or tool of society. In Cooper, D. J., Hopper, T.M (Ed.) *Critical Accounts.* Macmillan, Houndmill 193-215.

Bakar, M. & Russell, A. (2003) An Empirical Investigation of the Development of Accounting Education and Practice in Libya, and of Strategies for Enhancing Accounting Education and Accounting Practice in Libya. *Research in Accounting in Emerging Economies,* 5, 197-236.

Bakar, M. (1997) Accounting and the Economic Development of Oil and Gas in Libya. PhD, University of Dundee, UK.

Baker, C. R. & Bettner, M. S. (1997) Interpretive and Critical Research In Accounting: A Commentary on its Absence From Mainstream Accounting Research. *Critical Perspectives on Accounting,* 8**,** 293-310.

Bakre, O. M. (2004) Accounting and The Problematique of Imperialism: Alternative Methodological Approaches to Empirical Research in Accounting in Developing Countries *Advances in Public Interest Accounting,* 10**,** 1-30.

Ball, A. & Seal, W. (2005) Social justice in a cold climate: Could social accounting make a difference? *Accounting Forum,* 29**,** 455-473.

Barako, D. & Brown, A. (2008) Corporate social reporting and board representation: evidence from the Kenyan banking sector. *Journal of Management and Governance,* 12**,** 309-324.

Barger, J. (1999) After Qadhafi: prospects for political party formation and democratisation in Libya. The Journal of North African Studies. *The Journal of North African Studies,* 4**,** 62-77.

Baxter, J. & Chua, W. F. (2003) Alternative management accounting research-whence and whither. *Accounting, Organizations and Society,* 28**,** 97-126.

BCD. (2005) Commerce & Development Bank. Annual Report.

BCD. (2006) Commerce & Development Bank. Annual Report.

BCD. (2007) Commerce & Development Bank. Annual Report.

BCD. (2008) Commerce & Development Bank. Annual Report.

Beattie, V and Thomson. S (2007) Lifting The Lid on the Use of Content Analysis to Investigate Intellectual Capital Disclosures. *Accounting Forum* 31, 129–163.

Beattie, V. and McInnes, W. and Fearnley, S. (2004) A Methodology for Analysing and Evaluating Narratives in Annual Reports: A Comprehensive Descriptive Profile and Metrics for Disclosure Quality Attributes. *Accounting Forum*, 28, 205-236.

Bebbington, J. & Gray, R. (1993) Corporate accountability and the physical environment: Social responsibility and accounting beyond profit. *Business Strategy and the Environment* 2**,** 1-11.

Bebbington, J. and Gray, R. (2001) "An Account of Sustainability: Failure, Success and a Reconceptualisation" *Critical Perspectives on Accounting*, 12, 557-605.

Bebbington, J., Brown, J. & Frame, B. (2007) Accounting technologies and sustainability assessment models. *Ecological Economics,* 61**,** 224-236.

Bebbington, J., Gray, R. & Owen, D. (1999) Seeing the wood for the trees Taking the pulse of social and environmental accounting. *Accounting Auditing & Accountability Journal,* 12**,** 47-51.

Beckett, R. & Jonker, J. (2002) AccountAbility 1000: a new social standard for building sustainability. *Available <http://bit.ly/rT56kQ>.*

Belal, A. & Roberts, R. (2010) Stakeholders' Perceptions of Corporate Social Reporting in Bangladesh. *Journal of Business Ethics,* 97**,** 311-324.

Belal, R. & Momin, M. (2009) Corporate Social Reporting (CSR) in Emerging Economies: A Review and Future Direction. *South American Congress on Social and Environmental Accounting Research – CSEAR* Rio de Janeiro – RJ – Brasil. *Available* <http://www.facc.ufrj.br/csear2009/10.pdf>.

Bell, D. (2002) The Role of Government in Advancing Corporate Sustainability. *Background Paper. Available < http://bit.ly/wMifAt >.*

Bengdara, F. (2007) Development and restructuring of the Libyan commercial banks. *Available <http://cbl.gov.ly/pdf/09X3V96mnc4CCgaQ3kSDK.pdf>.*

Bless, C., Higson-Smith, C. & Kagee, A. (2006) *Fundamentals of Social Research Methods: African Perspective,* zambia.

Blowfield, E. & Murray, A. (2008) *Corporate Responsibility: a critical introduction. Oxford, Oxford University Press, 2008.*

Boote, D. (2008) Notes Toward a Naturalistic Study of Education Research Methodology. *Interchange,* 39**,** 303-325.

Bos, W. & Tarnai, C. (1999) Content analysis in empirical social research. *International Journal of Educational Research,* 31**,** 659-671.

Boucek, C. (2004) Libya's Return to the Fold? Strategic Insights. *Available <http://bit.ly/wV53Cn>*

Boyce, G. (2000) Public discourse and decision making: exploring possibilities for financial social and environmental accounting. *Accounting, Auditing & Accountability Journal,* 13**,** 27-64.

Branco, M. C. & Rodrigues, L. C. L. (2006) Communication of corporate social responsibility by Portuguese banks A legitimacy theory perspective. *Corporate Communications: An International Journal of Auditing,* 11**,** 232-248.

Briston, R. J. (1990) Accounting in developing countries; Indonesia and the Solomon Islands as case studies for regional cooperation. *Research in Third World Accounting, JAI Press Inc., Connecticut,* 1, 195-216

Brock, C. (2011) *Education as a Global Concern. Education as Humanitarian Response*, Continuum International Publishing Group.

Bronner, S (1998) Illuminations, Points of Departure: Sketches for a Critical Theory with Public Aims. Section Two. *Available <http://www.uta.edu/huma/illuminations/bron4a.htm>.*

Brown, J. & Fraser, M. (2006) Approaches and perspectives in social and environmental accounting: an overview of the conceptual landscape. *Business Strategy and the Environment,* 15**,** 103-117.

Brown, J. (2009) Democracy, sustainability and dialogic accounting technologies: Taking pluralism seriously. *Critical Perspectives on Accounting,* 20**,** 313-342.

Brown, N. & Deegan, C. (1999) The Public Disclosure of Environmental Performance Information – a Dual Test of Media Agenda Setting Theory and Legitimacy Theory'. *Accounting and Business Research,* 29**,** 21-41.

Bryman, A. & Bell, E. (2003) *Business research methods.* Gosport, Hampshire: Oxford University Press. First ed.

Bskeri, S. (2006) Privatization of the public sector in Libya. Pens Online. Number of nineteenth. *Available <http://www.mafhoum.com/press10/291E14.htm>.*

Buhr, N. (1998) Environmental performance, legislation and annual report disclosure: the case of acid rain and Falconbridge. *Accounting, Auditing & Accountability Journal,* 11**,** 163-190.

Buhr, N. (2007) Sustainability reporting: History/rationales. In Unerman, J., Bebbington, J. & O'Dwyer (Ed.) *Sustainability Accounting and Accountability,* London, Routledge.

Bulmer, M. (1986) *Sociological Reeuirch Methods. 2nd Ed,* London, the MacMillan Press LTD.

Bulut, D. & Yumrukaya, C. (2009) Corporate social responsibility in culture and art. *Management of Environmental Quality: An International Journal,* 20**,** 311-320.

Burke, R. J. (1993) Women on corporate boards of directors. *Equal Opportunities International,* 12**,** 5-13.

Burnett, R. D. & Hansen, D. R. (2008) Ecoefficiency: Defining a role for environmental cost management. *Accounting, Organizations and Society,* 33**,** 551-581.

Burrell, G. & Morgan, G. (1979) *Sociological paradigms and organizational analysis. London: Heinemann.*

Bush, B. & Maltby, J. (2004) Taxation in West Africa: transforming the colonial subject into the "governable person". *Critical Perspectives on Accounting,* 15**,** 5-34.

Buzied, M. M. (1998) Enterprise Accounting and its Context of Operation: The Case of Libya. PhD, University of Durham. Durham UK.

Cai, Z. & Wheale, P. (2007) The new capital accord and the Chinese banking industry. *Journal of Banking Regulation, 8, 3 262–289.*

Campbell, D. (2000) Legitimacy theory or managerial reality construction? Corporate social disclosure in Marks and Spencer Plc corporate reports, 1969-1997. *Accounting Forum,* 24**,** 80-100.

Campbell, D., Moore, G. & Shrives, P. (2006) Cross-sectional effects in community disclosure. *Accounting, Auditing & Accountability Journal,* 19**,** 96-114.

Carnegie, G. & Napier, C. (2002) Exploring comparative international accounting history. *Accounting, Auditing & Accountability Journal,* 15**,** 689-718.

Catasús, B. (2008) In search of accounting absence. *Critical Perspectives on Accounting,* 19**,** 1004-1019.

CBI (2009) Confederation of British Industry. what is corporate social responsibility? *Available <http://bit.ly/ykku7a>.*

CBL (2006) Libyan Central Bank. Fiftieth anniversary of the founding 1956-2006. Researches and Statistics Department in CBL,1-81.

CBL (2007a) The corporate governance, Handbook guidance for boards of commercial banks. *Available <http://www.cbl.gov.ly/pdf/0J6j0iUKSRlkk1ycMO2.pdf>.*

CBL (2007b) Developments in monetary policy. *Available <http://bit.ly/yXcUxI >.*

CBL (2007c) Credit policy and credit banking in Libya. *Available <http://bit.ly/zix7rj>.*

CBL (2009) Economic Database. The evolution of the most important business indicators of Commercial Banks Until the third quarter 2009. *Available <http://bit.ly/xCHF6b>.*

CBL (2010) The evolution of the most important business indicators of Commercial Banks during the first quarter of the year 2010. *Available < http://bit.ly/yKiNkm >.*

CEMCA (2010) Manual For Educational Media Researchers Know Your Audience. Commonwealth Educational Media Centre for Asia (Ed.), *Available <http://bit.ly/xwXFyC>.*

Chami, R; Al-Darwish, A; Cevik, S; Charap, J; George, S; Gracia, B; Gray, S and Pattanayak, S. (2012) Libya beyond the Revolution: Challenges and Opportunities. International Monetary Fund. Middle East and Central Asia Department, 1-28.

Chan-Fishel, M. (2007) Time to Go Green: Environmental Responsibility in the Chinese Banking Sector. *Friends of the Earth- US.*

Charbaji, A. (2009) The effect of globalization on commitment to ethical corporate governance and corporate social responsibility in Lebanon. *Social Responsibility Journal,* 5**,** 376 - 387.

Chua, W. F. (1986a) Radical Developments in Accounting Thought. *The Accounting Review,* 61**,** 601-632.

Chua, W. F. (1986b) Theoretical constructions of and by the real. *Accounting, Organizations and Society,* 11**,** 583-598.

Chua, W. F. (2004) Translating social theory- a critical commentary. *Critical Perspectives on Accounting,* 15**,** 255-260.

Clark, N. (2004) World Education News and Reviews. Education in Libya (WENR). *Available <http://www.wes.org/eWENR/04july/Practical.htm>.*

Colijn, L. (2010) Cuntry Report "Libya". Rabobank Economic Research Department, 1-7. *Available <http://bit.ly/Hi8IwA>.*

Collison, D., Dey, C., Hannah, G. and Stevenson, L. (2010) "Anglo-American capitalism: the role and potential role of social accounting" Accounting, Auditing and Accountability Journal, 23, 956-981.

Collison, D. J., Ferguson, R. J. & Stevenson, L. A. (2007) Sustainability Accounting and Education. In Unerman, J., Bebbington, J. And O'Dwyer, B. (EDS). *Sustainability Accounting and Accountability.* Routledge.

Committee to Protect Journalists. (2007) Attacks on the Press 2007: Middle East and North Africa Snapshots. *Available <http://bit.ly/x0nv0G>.*

Cooper (2004) *Corporate Social Performance: A Stakeholder Approach. Ashgate. Publishing Limited, Aldershot, Hants.*

Cooper, D. J. & Hopper, T. M. (1987) Critical studies in accounting. *Accounting, Organizations and Society,* 12**,** 407-414.

Cooper, D. J. & Sherer, M. J. (1984) The value of corporate accounting reports: Arguments for a political economy of accounting. *Accounting, Organizations and Society,* 9**,** 207-232.

Cooper, S. & Owen, D. (2007) Corporate social reporting and stakeholder accountability: the missing link. *Accounting Organisations and Society,* 32**,** 649-667.

Cornelisse, P. A. & Steffelaar, W. (1995) Islamic Banking in Practice: the Case of Pakistan. *Development and Change,* 26**,** 687-699.

Coupland, C. (2006) Corporate social and environmental responsibility in web-based reports: Currency in the banking sector? *Critical Perspectives on Accounting,* 17**,** 865-881.

Crane, A., Driver, C., Kaler, J., Parker, M. & Parkinsonn, J. (2005) Stakeholder democracy: towards a multi-disciplinary view. *Business Ethics: A European Review,* 14**,** 67-75.

Crowther, D. & Martinez, E. (2004) The abdication of responsibility: corporate social responsibility, public administration and the globalising agenda. *Available <http://bit.ly/y5ScKM>.*

Dahms, H. F. (2008) How social science is impossible without critical theory: the immersion of mainstream approaches in time and space. *Accounting Auditing & Accountability Journal,* 25**,** 3-61.

Davis, S. W., Menon, K. & Morgan, G. (1982) The images that have shaped accounting theory. *Accounting, Organizations and Society,* 7**,** 307-318.

De Best, S. (2000) IFRS 7 and the Compliance of Risk Disclosures are the Risks Realy Disclosed. Master Thesis, Rasmus University Rotterdam, School of Economics Section Accounting, Auditing and Control.

De Madariaga, J. & Valor, C. (2007) Stakeholders Management Systems: Empirical Insights from Relationship Marketing and Market Orientation Perspectives. *Journal of Business Ethics,* 71**,** 425-439.

Decker, S. (2004) Corporate social responsibility and structural change in financial services. *Managerial Auditing Journal,* 19, 712-728.

Deegan, C. & Blomquist, C. (2006) Stakeholder Influence on Corporate Reporting: An Exploration of the Interaction Between WWF-Australia and the Australian Minerals Industry'. *Accounting, Organizations and Society,* 31**,** 343-372.

Deegan, C. & Gordon, B. (1996) A study of environmental disclosure practices of Australian corporations. *Accounting and Business Research,* 26**,** 187-199.

Deegan, C. (2002) The legitimising effect of social and environmental disclosures – a theoretical foundation. *Accounting, Auditing & Accountability Journal,* 15**,** 282-311.

Der-Kruk, R, V. (2009) Risk Reporting: An analyses of the Dutch Banking Industry. Master thesis, Rasmus University Rotterdam, School of Economics section Accounting, Auditing and Control.

Deshpande, R. (1983) "Paradigms Lost": On Theory and Method in Research in Marketing. *The Journal of Marketing,* 47**,** 101-110.

Desy, K., Suarez, A., Ricchetti, C., Batista, D. & Betancur, M. L. (2006) Corporate Social Responsibility in Representative Economies of Latin America *World Bank Institute And School Of International And Public Affairs Columbia University.*

Dey, C. (2007) Developing silent and shadow accounting. In Unerman, J., Babbington, J. And O'Dwyer, B (Ed.) *Sustainability Accounting and Accountability.* London, Routledge.

Dierkes, M., Preston, E. (1977) Corporate social accounting reporting for the physical environment: a critical review and implementation proposal. *Accounting Organizations and Society,* 2**,** 3-22.

Dillard, J. (1991) Accounting as a Critical Social Science. *Accounting Auditing & Accountability Journal,* 4**,** 8-28.

DiMaggio, P and Powell, P. (1983) The Iron Cage Revisited: Institutional Isomorphism and Collective Rationality in Organizational Fields. *American Sociological Review*, 48, 147-160.

Dincer, C. & Dincer, B. (2006) Has Environmental Investment a Marketing Effect in Turkish Banking Industry? *Social Responsibility Journal,* 2**,** 88-95.

Doane, D. (2002) The Transparent Company: Market Failure the Case for Mandatory Social and Environmental Reporting. *Paper presented to ippr seminar the transparent company 20th March 2002. New Economics Foundation.*

Dobrohoczki, R. (2007) Social cohesion through market democratization. Centre for the Study of Co-operatives University of Saskatchewan. the Social Sciences and Humanities Research Council of Canada for a national study titled, 1-61.

Donaldson, T and preston, L (1991)The Stakeholder Theory of the Corporation: Concepts, Evidence, and Implications. *The Academy of Management Review*, 20, 65-91.

Douglas, A., Doris, J. & Johnson, B. (2004) Corporate social reporting in Irish financial institutions. *The TQM Magazine,* 16 387-395.

Dragomir, V, D (2010) "Environmentally sensitive disclosures and financial performance in a European setting", *Journal of Accounting & Organizational Change,* 6, 359-388.

Drever, E. (1995) *Using Semi-Structured Interviews in Small-Scale Research*. A Teacher's Guide. Edinburgh: The Scottish Council for Research in Education.

Dusuki, A. & Dar, H. (2005) Stakeholders' perceptions of corporate social responsibility of Islamic banks. *International Conference, Islamic Economics and Banking in the 21st Century,.* November, Jakarta,.

Dusuki, A. W. & Abdullah, N. I. (2007) Why do Malaysian customers patronise Islamic banks? *International Journal of Bank Marketing,* 25**,** 142 - 160.

Dw (2009) Deutsche Welle. Libya asks for more European help to stop illegal immigration. *Available <http://www.dw-world.de/dw/article/0,,4282011,00.html>.*

Ebner, D. & Baumgartner, R. (2006) The relationship between Sustainable Development and Corporate Social Responsibility. *Corporate Responsibility Research Conference.* Dublin.

Echtner, C. & Prasad, P. (2003) The Context of Third World Tourism Marketing. *Annals of Tourism Research,* 30**,** 660–682.

ECT (2010) General People's Committee for Industry and Economy and Trade. *Available <http://bit.ly/z2abNS>.*

Ed Mayo (2001) Government must try some make-good repairs. The Guardian, August 2001.

Eironline (2002) Commission launches new strategy on corporate social responsibility. European Industrial Relations Observatory On-line.

Elkington, J. (2004) Enter the Triple Bottom Line. In Henriques, A., Richardson, J. (Ed.) *The Triple Bottom Line, Does It All Add Up? Assessing The Sustainability of Business and CSR.* Earthscan, London.

Ellabbar, K and Havard, T. (2005) The Accounting Disclosure in Developing Countries: A Comparative Study of Libyan & Egyptian Construction Companies. In: Khosrowshahi, F (Ed.), 21st Annual ARCOM Conference, 7-9 September 2005, SOAS, University of London. *Association of Researchers in Construction Management,* 2, 675-684.

Ely, M., Anzul, M., Freidman, T. & Garner, D. (1991) *Doing qualitative research: circles within circles By Margot Ely*.

Emtairah, T., Ashaikh, A. A. & Al-Badr, A. (2007) Saudi Companies & Social Responsibility. *Tamkeen Development and Management Consulting. The International Institute for Industrial Environmental Economics, Sweden.*

Encyclopedia of The Nations (2010) Libya - Poverty and wealth. *Available <http://bit.ly/wrIMJf>.*

Erickson, J. (1998) *Islam and Postcolonial Narrative*, Cambridge University Press.

Estes, R. (1976) Corporate Social Accounting. *Financial Accounting Standards Board*.

EU (2001) Corporate Social Responsibility Green Paper Submission by Traidcraft Exchange.

Ewing, M. & Windisch, L. (2007) Corporate Social Responsibility in China. *Reputation, Responsibility, Relevance.* University of Otago, Dunedin, New Zealnd

Fadel, M. (2006) Different Kinds of Capitalism Offer Different Paths of Development. Shanfaraa. *Available* http://shanfaraa.com/2011/02/different-kinds-of-capitalism-offer-different-paths-of-development/.

Fawcett, J. & Downs, F. (1986) The relationship between theory and research. *Available <http://www.indiana.edu/~educy520/readings/fawcett86.pdf>.*

Fay, B. (1975) *Social Theory and Political Practice,* London.

Ferri, G. (2003) Joseph E. Stiglitz (2002) Globalization and Its Discontents. *Economic Notes,* 32**,** 123-142.

Fiedler, B. & Lehman, G. (1995) Accounting, Accountability and the Environmental Factor. *Accounting Form,* 19, 195-204.

Financial Standards Foundation (2010) Country Brief Libya. New York. *Available <http://bit.ly/HmCOSI>.*

Finn, E. (2009) Social responsibility - doing the right thing. *Available* < http://bit.ly/wr5vlz>.

Foddy, W. (1993) *Constructing Questions for Interviews and Questionnaires: Theory and Practice in Social Research*.

Fox, W. (2006) *Managing Organisational Behaviour. Juta and Company*.

Frame, B. & Brown, J. (2008) Developing post-normal technologies for sustainability. *Ecological Economics,* 65**,** 225-241.

Freedman, M. & Stagliano, A. J. (2002) Environmental disclosure by companies involved in initial public offerings *Accounting, Auditing & Accountability journal,* 15**,** 94-105.

Freedom House (2010) Country Report. Libya. 2010 Edition. *Available <www.freedomhouse.org/template.cfm?page=22&year=2010&country=786>*.

Friedman, M. (1970) The Social Responsibility of Business is to Increase its Profits. *The New York Times Magazine.*

Frink, D and Klimoski, R. (2004) Advancing Accountability Theory and Practice: Introduction to The Human Resource Management Review Special Edition. *Human Resource Management Review,* 14, 1–17

Galbis, V. (1977) Financial Intermediation and Economic Growth in Less Developed Countries: A Theoretical Approach. *Journal of Development Studies,* 13, 58-72.

Gallhofer, S. & Chew, A. (2000) Introduction: Accounting and indigenous people *Accounting, Auditing & Accountability Journal,* 13**,** 256-267.

Gallhofer, S. & Haslam, J. (1993) Approaching corporate accountability: fragments from the past. *Accounting and Business Research,* 23**,** 23-44.

Gallhofer, S. & Haslam, J. (1995) Accounting and modernity. *Advances in Public Interest. Accounting,* 6**,** 203-232.

Gallhofer, S. & Haslam, J. (1997) The direction of green accounting policy: critical reflections. *Accounting, Auditing & Accountability Journal,* 10**,** 148-174.

Gallhofer, S. & Haslam, J. (2004) Accounting and liberation theology: Some insights for the project of emancipatory accounting. *Accounting, Auditing & Accountability Journal,* 17**,** 382-407.

Gallhofer, S. & Haslam, J. (2006) Guest Editorial Online reporting: accounting in cybersociety. *Accounting, Auditing & Accountability Journal,* 19**,** 625-630.

Gallhofer, S. & Haslam, J. (2007) Exploring Social, Political and Economic Dimensions of Accounting in the Global Context: The International Accounting Standards Board and Accounting Disaggregation. *Socio-Economic Review, 4, 633-664*.

Gallhofer, S. & Haslam, J. (2008) The Possibilities of Accounting in the Global Context: Critical Reflections on Accounting and the Internet as a new Technology of Communication", in, M. Lada and A. Kozarkiewicz (eds) (2008), Rachinkowosc: W Otoczeniu Nowych Technologii, Warszawa: Wydawnictwo C. H. Beck, pp. 11- 30

Gallhofer, S. & Haslam, J. (2011) Emancipation, the spiritual and accounting. *Critical Perspectives on Accounting,* 22**,** 500- 509.

Gallhofer, S., Haslam, J (2002) Accounting and critical pedagogy. *paper presented at the British Accounting Association Special Interest Group on Accounting Education Conference.* Glasgow Caledonian University.

Gallhofer, S., Haslam, J (2003) *Accounting and Emancipation: Some Critical Interventions*, Routledge, London.

Gallhofer, S., Haslam, J. & Kamla, R. (2011) The accountancy profession and the ambiguities of globalisation in a post-colonial, Middle Eastern and Islamic context: Perceptions of accountants in Syria. *Critical Perspectiveson Accounting, 4, 376-395.*

Gallhofer, S., Haslam, J. & Tsen, S. (1996) What's wrong with green accounting and auditing prescription? Seeing the wood as well as the trees *Irish Accounting Review,* 3**,** 69-89.

Gallhofer, S., Haslam, J., Kim, S. N. & Mariu, S. (1999) Attracting and Retaining Maori Students in Accounting: Issues, Experiences and Ways Forward. *Critical Perspectives on Accounting,* 10**,** 773-807.

Gallhofer, S., Haslam, J., Monk, E. & Roberts, C. (2006) The emancipatory potential of online reporting: The case of counter accounting. *Accounting, Auditing and Accountability Journal,* 19**,** 681-718.

Gandhi, L. (1998) *Postcolonial Theory: A critical introduction. National Library of Australia Cataloguing-in-Publication entry.*

Garrett, R. (1980) Social Accounting and the Pursuit of Happiness: A Moral Dilemma. *Business Society,* 19**,** 23-29.

Garyounis University (2010) Faculty of Economics. *Available <http://bit.ly/wrSxr2>.*

Georgakopoulos, G. & Thomson, I. (2008) Social reporting, engagements, controversies and conflict in an arena context. *Accounting, Auditing & Accountability Journal,* 21**,** 1116-1143.

Gheith, M. (2009) Effectiveness and efficiency of banks in Libya. Al-Watan Jornal. *Available <http://www.lawoflibya.com/forum/showthread.php?t=7592>.*

Gillham, B. (2000) *The Research Interview. New York: Continuum.*

Gioia, D. A. & Pitre, E. (1990) Multiparadigm Perspectives on Theory Building. *The Academy of Management Review,* 15**,** 584-602.

Globalsecurity (2010) Libya - Geography. *Available <http://bit.ly/AjSP4w>.*

Globaltrader (2009) Financial services and banking in Libya. *Available <http://bit.ly/wYIKwn>.*

GPCJ (1997) Document of Woman's Rights and Duties in Libyan society, by General People's Committee for Justice.

Graham, C. (2009) Accounting and Subalternity: Enlarging a Research Space. *Accounting, Auditing & Accountability Journal,* 22**,** 309-318.

Gray, R. & Bebbington, J. (2000) Environmental accounting, managerialism and sustainability: is the planet safe in the hands of business and accounting? *Advances in Environmental Accounting and Management***,** 1, 1-44.

Gray, R. & Collison, D. (2002) Can't see the wood for the trees, can't see the trees for the numbers? accounting education, sustainability and the public interest. *Critical Perspectives on Accounting,* 13**,** 797–836.

Gray, R. (1992) Accounting and environmentalism: an exploration of the challenge of gently accounting for accountability, transparency and sustainability. *Accounting, Organizations and Society,* 17**,** 399-425.

Gray, R. (2000) Current developments and trends in social and environmental auditing, reporting and attestation: A review and comment. *International Journal of Auditing,* 4**,** 247-268.

Gray, R. (2002) The social accounting project and Accounting Organizations and Society Privileging engagement, imaginings, new accountings and pragmatism over critique? *Accounting, Organizations and Society,* 27**,** 687-708.

Gray, R., Dey, C., Owen, D., Evans, R And Zadek, S (1997) Struggling with the praxis of social accounting: Stakeholders, accountability, audits and procedures. *Accounting, Auditing and Accountability Journal,* 10**,** 325-364.

Gray, R., Kouhy, R. & Lavers, S. (1995a) Corporate social and environmental reporting A review of the literature and a longitudinal study of UK disclosure. *Accounting, Auditing & Accountability Journal,* 8**,** 47-77.

Gray, R., Kouhy, R. & Lavers, S. (1995b) Methodological themes- construction research database of social and environmental reporting by UK companies. *Accounting Auditing and Accountability Journal,* 8**,** 78-101.

Gray, R., Owen, D. & Adams, C. (1996) *Accounting and Accountability: Social and environmental accounting in a changing world* Hemel Hempstead: Prentice Hall International.

Gray, R., Owen, D. & Adams, C. (2009) Some theories for social accounting: a review essay and a tentative pedagogic categorisation of theorisations around social accounting. *Advances in Environmental Accounting and Management,* 4**,** 1-54.

Green, A. (1997) Education, Globalization and the Nation State (Basingstoke, Macmillan).

GRI (2002) Global Reporting initiative [GRI], Sustainability reporting guidelines, in Amsterdam (ed).

GRI (2008) Reporting Guidelines & FSSS: Financial Services Sector Supplement. *The Product & Service Indicator Protoco. Available <http://bit.ly/xL6nnb>.*

GRI (2010) Reporting Guidelines & FSSS: Financial Services Sector Supplement. *The Product & Service Indicator Protoco. Available <http://bit.ly/xL6nnb>.*

Griffiths, M. (2007) Consumer debt in Australia: why banks will not turn their backs on profit. *International Journal of Consumer Studies,* 31**,** 230-236.

Gsoproject (2004) GSO Statement on Transnational Corporations and Related Business Enterprises with regard to Human Rights. *Available < http://bit.ly/yLsgSX>.*

Guba, E. G. & Lincoln, Y. S. (1994) Competing paradigms in qualitative research. In N. K. Denzin & Y. S. Lincoln (Eds.) *Handbook of qualitative research, London: Sage, 105-117.*

Gumhouria Bank. (2005) Annual Report.

Gumhouria Bank. (2006) Annual Report.

Gumhouria Bank. (2007) Annual Report.

Gumhouria Bank. (2008) Annual Report.

Guthrie, J. & Abeysekera, I. (2006) Content analysis of social, environmental reporting: what is new? *Journal of Human Resource Costing & Accounting,* 10**,** 114-126.

Guthrie, J. E. & Mathews, M. R. (1985) Corporate social accounting in Australalasia", in Preston, L.E. (Eds), Corporate Social Performance and Policy, JAI, New York, NY.

Guthrie, J., Petty, R., Yongvanich, K. & Ricceri, F. (2004) Using content analysis as a research method to inquire into intellectual capital reporting *Journal of Intellectual Capital,* 5**,** 282-293.

Habermas, J. (1992) Moral Conciousness and Communicative Action, MIT Press, 1992

Hackston, D. & Milne, M. (1996) Some determinants of social and environmental disclosures in New Zealand companies. *Accounting, Auditing & Accountability Journal,* 9**,** 77-108.

Hanafi, R. A. (2006) An Exploration of Corporate Social and Environmental Disclosure in Egypt and The Uk. PhD, University of Glasgow.UK.

Haniffa, R. M. (2002) Social Responsibility Disclosure: An Islamic Perspective. *Indonesian Management and Accounting Journal,* 1**,** 128-146.

Harris, L. C. (1987) Libya: Qadhafi's Revolution and the Modern State. *Taylor & Francis, 1- 240*.

Hassan, A. (2007) Human resource development and organizational values. *Journal of European Industrial Training,* 31**,** 435-448.

Hassan, O and Marston, C. (2010) Disclosure Measurement in The Empirical Accounting Literature - A Review Article. Economics and Finance Working Paper Series. SSRN eLibrary, 1-59.

Healy, M. & Perry, C. (2000) Comprehensive criteria to judge validity and reliability of qualitative research within the realism paradigm. *Qualitative Market Research,* 3**,** 118-126.

Healy, P. M., & Palepu, K. G. (2001). Information asymmetry, corporate disclosure, and the capital mark review of the empirical disclosure literature. *Journal of Accounting and Economics,* 31, 405-440.

Held, D. & Mcgrew, A. G. (2002) *Globalization theory: approaches and controversies*.

Held, D. (1980) *Introduction to Critical Theory: Horkheimer to Habermas*, University of California Press, 1980.

Henderson, D. (2005) The role of business in the world today. *Journal of Corporate Citizenship,* 17**,** 30-32.

Hinrichsen, D. (1987) Our Common Future. a reader's guide. United Nations The World Commission on Environment and Development. The Brundtland Report Oxford: OUP

Hinson, R., Boateng, R. & Madichie, N. (2010) Corporate social responsibility activity reportage on bank websites in Ghana. *International Journal of Bank Marketing,* 28**,** 498-518.

Holme, L. & Watts, R. (2000) Corporate social responsibility: Making Good Business Sense *The World Business Council for Sustainable Development. Available <http://bit.ly/wcoZ79>.*

Hossain, M. & Hammami, H. (2009) Voluntary disclosure in the annual reports of an emerging country: The case of Qatar. *Advances in Accounting,* In Press, Corrected Proof**,** 255-265.

Hossain, M., Islam, K. & Andrew, J. (2006) Corporate Social and Environmental Disclosure in Developing Countries: Evidence from Bangladesh. *The Asian Pacific Conference on International Accounting.* Hawaii.

Hourani, H. (2006) Corporate Social Responsibility in the Arab World. *Amman - Jordan. MENA Region.* Regional CSR Experts Meeting in Amman Sets the Working Agenda for the Year 2005 - 2006, Al Urdun Al Jadid Research Center. Issued by the Jordanian Forum for Economic Development (JFED)

HSBC (2006) Health and Safety – your Responsibilities. *Available <http://bit.ly/zY3lXa>.*

HSBC (2009) OUR Approach. *Available <http://www.hsbc.com/1/2/sustainability/our-approach>.*

Hui, F and Bowrey, G. (2008) Corporate Social Responsibility Reporting of Two Note-issuing Banks in Hong Kong. Research Online. School of Accounting & Finance, University of Wollongong, 1-24

Husted, B. W. (2003) Governance choices for corporate social responsibility: To contribute, collaborate or internalize? *Long Range Planning,* 36**,** 281-298.

Hybels, R. C. (1995) On Legitimacy, Legitimation, and Organizations: A Critical Review and Integrative Theoretical Model. Academy of Management Journal, Special Issue: Best Papers Proceedings, 241-245.

IBFS (2010) Institute of Banking and Financial Studies, Central Bank of Libya. *Available <http://www.ibfsly.com/index.html>.*

ICC (2005) Views on economic, environmental and social reporting. *The Commission on Business in Society.*

IMF (2006) The Socialist People's Libyan Arab Jamahiriya: 2005 Article IV Consultation—Staff Report; and Public Information Notice on the Executive Board Discussion. International Monetary Fund Washington, D.C. April 2006. IMF Country Report No. 06/136.

Ingram, R. W. & Frazier, K. B. (1980) Environmental Performance and Corporate Disclosure. *Journal of Accounting Research,* 18**,** 614-622.

Irvine, H. (2008) The global institutionalization of financial reporting: The case of the United Arab Emirates. *Accounting Forum,* 32**,** 125-142.

Islam, M. & Deegan, C. (2008) Motivations for an organisation within a developing country to report social responsibility information: Evidence from Bangladesh. *Accounting, Auditing & Accountability Journal,* 21**,** 850 - 874.

Islamicoccasions (2010) Akhlaq, Islamic Behavior. *Available <http://bit.ly/yO9DWu>.*

Islamonline (2009) reliogen in Libya. *Available <http://bit.ly/z2Gxa2>.*

Issawi, C. (1956) Economic and Social Foundations of Democracy in the Middle East. *International Affairs (Royal Institute of International Affairs 1944-),* 32**,** 27-42.

ITU (2010) Annual Survey of Violations of Trade Union Rights. Published by the International Confederation of Free Trade Unions. Report for Libya. *Available <http://survey.ituc-csi.org/+-Libya>.*

Jacobs, C. (2005) On Being an insider on the outside: new spaces for integrating academic literacies. *Teaching in Higher Education,* 10**,** 475 - 487.

Jamali, D. & Mirshak, R. (2007) Corporate Social Responsibility (CSR): Theory and Practice in a Developing Country Context. *Journal of Business Ethics,* 72**,** 243-262.

Jaruga, A. A. (1990) Accounting functions in Socialist Countries. *The British Accounting Review,* 22**,** 51-77.

Jayasinghe, K. & Thomas, D. (2009) The preservation of indigenous accounting systems in a subaltern community. *Accounting, Auditing & Accountability Journal,* 22**,** 351-378.

Jeucken, M. & Bouma, J. (1999) The Changing Environment of Banks. GMI Theme Issue: Sustainable Banking: The Greening of Finance. *Available* <http://bit.ly/yEqzqb>

Joannides, V., Berland, N. & Wickramasinghe, D. (2010) Post-Hofstede diversity/cultural studies: what contributions to accounting knowledge?

Jones, C. (1990) Corporate social accounting and the capitalist enterprise. Cooper D.J. and. Hopper. *Critical Accounts.* London, Macmillan, 272-293

Juščius, V. & Snieška, V. (2008) Influence of Corporate Social Responsibility on Competitive Abilities of Corporations. *The Economic Conditions Of Enterprise Functioning,* 58**,** 34-44

Justice, D. W. (2002) Corporate Social Responsibility: Challenges and Opportunities for Trade Unionists. *International Labor Standards Corporate Codes of Conduct. Available <http://bit.ly/H0jUEb>.*

Kakabadse, N. K. & Rozuel, C. (2006) Meaning of corporate social responsibility in a local French hospital: A case study. *Society and Business Review,* 1**,** 77-96.

Kama, U. & Chuku, C. A. (2009) The Corporate Governance of Banks in Nigeria: How Effective are the Boards of Directors? *SSRN eLibrary*.

Kamla, R. (2005) Social Accounting in a Selection of Arab Countries: Critical and Postcolonial Perspectives. PhD, Heriot-Watt University, UK.

Kamla, R. (2007) Critically appreciating social accounting and reporting in the Arab Middle East: a postcolonial perspective. *Advances in International Accounting,* 20**,** 105-177.

Kamla, R., Gallhofer, S. & Haslam, J. (2006) The Literature on Accounting in The Arab World: A Critical Postcolonial Perspective. BAA annual conference, University of Portsmouth, April, 2006.

Kaya, U. & Yayla, H. E. (2007) Remembering Thirty-five Years of Social Accounting: A Review of the Literature and the Practice. *International Conference on Accounting and Auditing.* Edirne-Turkiye.

Kezeiri, S. & Lawless, R. (1987) *Economic Development and Spatial Planning in Libya, In Khader*.

Khan, F. R. & Thomsen, P. L. (2011) CSR As Imperialism: Towards a Phenomenological Approach to CSR in The Developing World. *Journal of Change Management,* 11**,** 73–90

Khan, H (2010) The Effect of Corporate Governance Elements on Corporate Social Responsibility (CSR) Reporting Empirical Evidence From Private Commercial Banks of Bangladesh. *International Journal of Law and Management,* 52**,** 82-109.

Khan, H., Abdel K. Halabi & Samy, M. (2009) Corporate Social Responsibility (CSR) Reporting: A Study of Selected Banking Companies in Bangladesh. *Social Responsibility Journal,* 5**,** 344 - 357.

Kincheloe, J. L. & Mclaren, P. (2005) Rethinking Critical Theory and Qualitative Research. In N. K. Denzin & Y. S. Lincoln (Ed.) *The SAGE Handbook of Qualitative Research.* Thousand Oaks, CA: Sage Publications Inc.

Krauss, S. E. (2005) Research Paradigms and Meaning Making: A Primer. *The Qualitative Report* 10**,** 758-770.

Kribat, M, M. (2009) Financial Disclosure Practices in Developing Countries: Evidence from The Libyan Banking Sector. PhD, school of accounting & Finance University of Dundee, Scotland.

Krippendorff, K. (2004) *Content analysis: an introduction to its methodology,* Sage, London.

Kuasirikun, N. & Sherer, M. (2004) Corporate Social Accounting Disclosure in Thailand *Accounting, Auditing & Accountability Journal* 17**,** 629-660.

Kuasirikun, N. (2005) Attitudes to the development and implementation of social and environmental accounting in Thailand. *Critical Perspectives on Accounting,* 16**,** 1035-1057.

Kundu, D. K., Khan, A. & Samadder, M. (2007) Understanding Alternative Dispute Resolution for the Rural Women in Bangladesh: Some Illustrations from BRAC HRLS Programme. *Available <http://bit.ly/yOWDFz>.*

Kurihama, R. (2005) Corporate Social Responsibility, Corporate Governance and Auditing in Japan. *Asia in Extenso, Mars 2005 Publication De Recherche Enligne. Available <http://bit.ly/zMuu3i >.*

Kvale, S. & Brinkmann, S. (2009) *Interviews: learning The Craft of Qualitative Research Interviewing*.

Kvale, S. (1996) *Interviews: an Introduction to Qualitative Interviewing*.

Kvale, S. (2007) *Doing interviews. SAGE publicatios,* London.

Lantos, G, P. (2001) The Boundaries of Strategic Corporate Social Responsibility. Journal of Consumer Marketing, 18, 595-630.

Larrinaga, G. C., Carrasco-Fenech, F., Caro-Gonzalez, F. J., Correa-Ruiz, C. & Paez-Sandubete, J. M. (2002) The role of Environmental Accounting in Organisational Change: an Exploration of Spanish Companies. *Accounting, Auditing and Accountability Journal,* 14**,** 213-239.

Laughlin, R. & Lowe, E. A. (1990) A Critical Analysis of Accounting Thought: Prognosis and Prospects for Understanding and Changing Accounting Systems Design. In Cooper, D. J., Hopper, T.M (Ed.) *Critical Accounts.* Macmillan , London, .

Laughlin, R. (1987) Accounting systems in organisational contexts: A case for critical theory. *Accounting, Organizations and Society,* 12**,** 479-502.

Laughlin, R. (1995) Empirical Research in Accounting: Alternative Approaches and A Case for "Middle-Range" Thinking. *Accounting Auditing & Accountability Journal,* 8**,** 63 - 87.

Lehman, G. (1999) Disclosing new worlds: a role for social and environmental accounting and auditing. *Accounting Organizations and Society* 24**,** 217-242.

Levine, R. (2004) The Corporate Governance of Banks: A Concise Discussion of Concepts and Evidence. World Bank Policy Research Working Paper 3404, September 2004, 1-20.

Lewis, L. (2006) Accountability and Islam. *The Forth Conference on Accounting and Finance in transition,* Adelaide

Libyan State. (1970) Libyan Commercial Law

Libyan State. (1973) Law No. 37 on Manpower Development and Training.

Libyan State. (1981) Law No. 3 on Disabled Persons,.

Libyan State. (2003) Law No. 15 on Libyan Environmental

Libyan State. (2005) Commercial Banks Law.

Libyan State. (2009) Statistics Book: General Authority for Information.

Libyan Transparency Group. (2010) Managerial Revolution is the Basis of Administrative Corruption in Libya, 1-43. *Available <http://bit.ly/wgF7tS>.*

Libyaninvestment (2010) Investment and privatization in Libya. *Available <http://bit.ly/wK7iMt>.*

Lincoln, Y. & Guba, E. (1985) *Naturalistic Inquiry. Thousand Oaks, CA: Sage Publications*.

Lodhia, S. (2003) Accountants' Responses to The Environmental Agenda in a Developing Nation: An Initial and Exploratory Study on Fiji. *Critical Perspectives on Accounting,* 14**,** 715-737.

Lundgren, M. & Catasu, B. (2000) The Banks' Impact on the Natural Environment - on the Space Between 'what is' and 'what if'. *Business Strategy and the Environment,* 9**,** 186-195.

Maali, B., Casson, P. & Napier, C. (2006) Social Reporting by Islamic Banks. *Abacus,* 42**,** 266-289.

Maccarrone, P. (2009) Factors Influencing the Attitude Towards Corporate Social Responsibility: Some Empirical Evidence from Italy. *Corporate Governance,* 9**,** 103 - 119.

Macey, D. (2000) *The Penguin Dictionary of Critical Theory,* London.

Macnamara, J. (2006) Media Content Analysis, Uses, Benefits & Best Practice Methodology. *Available <http://bit.ly/zmKqGq>.*

Magnarella, P. (1999) *Middle East and North Africa: Governance, Democratization, Human Rights*.

Mahmood, Z. & Riaz, Z. (2008) Using Case Study Research Method to Emergent Relations of Corporate Governance and Social Responsibility. *Journal of Quality and Technology Management,* 1**,** 9-20.

Mama, A. (2004) Critical Capacities: Facing the Challenges of Intellectual Development in Africa. *African Gender Institute, University of Cape Town*.

Manassian, A. (2007) Globalization and International Accounting Research: an Agenda the Future. *RBGN, Sao Paulo,* 9**,** 1-12.

Mangos, N. C. & Lewis, N. R. (1995) A Socio-Economic Paradigm for Analysing Managers' Accounting Choice Behaviour. *Accounting, Auditing & Accountability Journal,* 8**,** 38-62.

Marrewijk, M. (2003) Concepts and Definitions of CSR and Corporate Sustainability: Between Agency and Communion. *Journal of Business Ethics,* 44**,** 95–105.

Marshall, C. & Rossman, G. B. (2010) *Designing Qualitative Research*, SAGE.

Mashat, A. A. (2005) Corporate Social Responsibility Disclosure and Accountability (The Case of Libya). *PhD,* The Manchester Metropolitan University, UK.

Mashat, A. A., Ritchie, B., Lovatt, C. & Pratten, J. (2005) The Social Role of Accounting: Views and Perceptions of the Accounting Community in Libya towards Corporate Social Responsibility and Accountability. *Available <http://bit.ly/zhP4dC>.*

Mathews, M. (1993) *Socially Responsibility Accounting,* London, Chapman and Hal.

Mayo, A. (2001) *The human value of the enterprise: Valuing people as assets,* London, Nicholas Brealey.

Mcauley, S. (2005) Financial Accounting Regulations, Social Accounting and Principles of Auditing. *Learning and Teaching Scotland.*

Mccabe, M., Whiteley, A. & Thomas, G. (2007) International Review of Business Research Papers. *Business, Government and Community Relationships,* 3**,** 221 - 232.

Mcdonald, L. M. & Rundle-Thiele, S. (2008) Corporate Social Responsibility and Bank Customer Satisfaction A Research Agenda. *International Journal of Bank,* 26**,** 170-182.

Mcleod, J. (2007) *The Routledge Companion to Postcolonial Studies*, This edition published in the Taylor & Francis e-Library.

Medawar, C. (1976) The social audit: A political view. *Accounting, Organizations and Society,* 1**,** 389-394.

Mediterranean Bank. (2007) Annual report.

Metz, H. (1987) Libya: A Country Study. Washington: GPO for the Library of Congress. p.1-300. *Available <http://countrystudies.us/libya>.*

Miller, P. & Napier, C. (1993) Genealogies of calculation. *Accounting, Organizations and Society,* 18**,** 631-647.

Milne, M. & Gray, R. (2007) Future Prospects for Corporate Sustainability Reporting. In J. Unerman, J. Bebbington and B. O'Dwyer (Ed.) *Sustainability Accounting and Accountability.* London, Routledge.

Milne, M. J. & Adler, R. W. (1999) Exploring the Reliability of Social and Environmental Disclosures Content Analysis. *Accounting, Auditing & Accountability Journal,* 12**,** 237-256.

Milne, M., Ball, A. & Gray, R. (2007) From Soothing Palliatives and Towards Ecological Literacy: A Critique of the Triple Bottom Line. *Fifth Asia Pacific Interdisciplinary Research in Accounting Conference.* Auckland, New Zealand.

Mingers, J. (2001) Combining IS Research Methods: Towards a Pluralist Methodology. *Information Systems Research,* 12**,** 240-259.

Mir, M. Z. & Rahaman, A. S. (2005) The Adoption of International Accounting Standards in Bangladesh An Exploration of Rationale and Process *Accounting, Auditing & Accountability Journal,* 18, 816-841.

Mir, R., Banerjee, S. B. & Mir, A. (2008) Hegemony and its Discontents: Critical Analysis of Organizational Knowledge Transfer. *Critical Perspectives on International Business,* 4, 203-227.

Mireles, I., Ogilvie, S. & Shedid, R. (2010) Libya. The Wharton Financial Institutions Center. University of Pennsylvania. *Available <http://bit.ly/xnek1z>.*

Mongabay (2010) Libya - The Society. *Available <http://bit.ly/wpBAIJ>.*

Mook, L., Richmond, B. J. & Quarter, J. (2003) Integrated Social Accounting for Nonprofits: A Case from Canada. *Voluntas: International Journal of Voluntary and Nonprofit Organizations,* 14, 283-297.

Moon, J. (2004) Government as a Driver of Corporate Social Responsibility. *International Centre for Corporate Social Responsibility. Nottingham University Business School.*

Moyo & Rohan (2006) Corporate citizenship in the context of the financial services sector: what lessons from the Financial Sector Charter? *Development Southern Africa* 23, 289-303.

Mukhtar, M. R., Kelbash, B. M. & Elgharabli, A. M. (2008) *Libya: A Guide to Commercial Law, Banking Law and Accounting (Business & Investment Review)*, GMB Publishing Ltd.

Muller, A. & Kolk, A. (2009) CSR Performance in Emerging Markets Evidence from Mexico. *Journal of Business Ethics,* 85, 325-337.

Murthy, K. V. B. (2007) Social Responsibility Standards and Global Environmental Accountability - A Developing Country Perspective. *SSRN eLibrary*.

Narwal, M. (2007) CSR Initiatives of Indian Banking Industry. *Social Responsibility Journal,* 3, 49-60.

Naser, K. & Abu-Baker, N. (1999) Empirical evidence on corporate social responsibility reporting and accountability in developing countries: The case of Jordan. *Advances in International Accounting,* 12, 193-226.

Naser, K., Al-Hussaini, A., Al-Kwari, D. & Nuseibeh, R. (2006) Determinants of Corporate Social Disclosure in Developing Countries: The Case of Qatar. *Advances in International Accounting,* 19, 1-23.

Naser, K., Nuseibeh, R. & Al-Hussaini, A. (2003) Users' Perceptions of Various Aspects of Kuwaiti Corporate Reporting. *Managerial Auditing Journal,* 18, 599 - 617.

National Banking Corporation. (2007) Annual Report.

National Commercial Bank. (2005) Annual Report.

National Commercial Bank. (2006) Annual Report.

National Commercial Bank. (2007) Annual Report.

National Commercial Bank. (2008) Annual Report.

Nepomuceno, V. (2003) The Accounting Objectivity and The Falling of Marginalist Income Relevance: An Epistemological Analysis Of Social Reality. *International Journal of Philosophy and Methodology of Economics,* 2, 78-106.

Neu, D., Warsame, H. & Pedwell, K. (1998) Managing public impressions: Environmental disclosures in annual reports. *Accounting, Organizations and Society,* 23, 256-282.

Neuendorf, K. (2002) *The Content Analysis Guidebook,* Thousand Oaks.

Newbold, C., Boyd-Barrett, O. & Van Den Bulck, H. (2002) *The Media Book. London: Arnold (Hodder Headline).*

Nielsen, A. & Thomsen, C. (2007) Reporting CSR – What and How to Say it? *Corporate Communications: An International Journal,* 12**,** 25-40.

NOC. (2009) National Oil Corporation. *Available <http://en.noclibya.com.ly/>.*

Norman, W., Macdonald, C (2004) Getting to the bottom of the 'Triple Bottom Line. *Business Ethics Quarterly,* 14**,** 243-262.

Nowlan, B. (2001) What is Critical Theory and Why Study it. *Available <http://www. uwec.edu/ranowlan/intr_whystudy_crit_thy.htm >.*

NPC. (2008) Libya Project 2025, Issued by the Centre of Economic Researches. That centre had been Commissioned by the National Planning Council.

O’Brien, K. & Rose, M. (2007) Social Accounting Pilot. *Social Enterprise East of England. Available <http://bit.ly/xlLNMp>.*

O’Dwyer, B. & Gray, R. (1998) Corporate Social Reporting in the Republic of Ireland: A Longitudinal Study. *Irish Accounting Review,* 5**,** 1-34.

O’Dwyer, B. (2002) Managerial perceptions of corporate social disclosure: an Irish story’. *Accounting, Auditing and Accountability Journal,* 15**,** 406–436.

O’Dwyer, B. (2003) Conceptions of corporate social responsibility: the nature of managerial capture’. *Accounting, Auditing and Accountability Journal,* 16**,** 523-557.

OBG (2008) The Report: Libya 2008. By Oxford Business Group

Ocler, R. (2009) Discourse Analysis and Corporate Social Responsibility: A Qualitative Approach. *Society and Business Review,* 4**,** 175-186.

O'Dwyer, B. (1999) Corporate social reporting in the republic of Ireland: a description and quest for understanding. *accounting and finance.* PhD, University of Dundee, UK.

O'Dwyer, B. (2005) Stakeholder democracy: challenges and contributions from social accounting. *Business Ethics: A European Review,* 14**,** 28-41.

Omar, B and Simon, J. (2011) Corporate aggregate disclosure practices in Jordan. Advances in Accounting, Incorporating Advances in International Accounting, 27, 166–186.

Oppenheim, A. N. (1992) *Questionnaire Design, Interviewing and Attitude Measurement*.

Otman, A. & Karlberg, E. (2007) *The Libyan economy: economic diversification and international repositioning*, Springer.

Owen, D. (2007) Assurance Practice in Sustainability Reporting. J. Unerman, J. Bebbington and B. O'Dwyer, (Ed.) *Sustainability Accounting and Accountability.Routledge.* London, Routledge.

Owen, D. (2008) Chronicles of wasted time?: A personal reflection on the current state of, and future prospects for, social and environmental accounting research. *Accounting Auditing & Accountability Journal,* 21**,** 240-267.

Owen, D., Swift, T., Humphrey, C. & Bowerman, M. (2000) The New Social Audits: Accountability, Managerial Capture or the Agenda of Social Champions? *European Accounting Review,* 9**,** 81-98.

Pajo, K., Mcgregor, J. & Cleland, J. (1997) Profiling the Pioneers: Women Directors on New Zealand’s Corporate Boards *Women in Management Review,* 12**,** 174-181.

Parsa, S., Kouhy, R (2001) Disclosure of Social Information by UK Companies: a Case of Legitimacy Theory.

Patten, D. (1991) Patten, Exposure, legitimacy, and social disclosure. *Journal of Accounting and Public Policy*, 10, 297-308.

Patton, M. Q. (1990) *Qualitative Evaluation and Research Methods (2nd ed). Newbury Park, CA: Sage*.

Pawson, R. (1996) Theorizing the Interview. *The British Journal of Sociology,* 47, 295-314.

Pearce, J. (2002) Some contemporary issues in social accounting and audit. *Social and Environmental Accountability Journal,* 22, 1-7.

Pennartz, P. (2006) Declaration of The OECD Watch International /Inter-Regional Seminar On OECD Guidelines For Multinational Enterprises. Ghana, OECD.

Petkoski, D. & Twose, N. (2003) Public Policy for Corporate Social Responsibility. In Djordjija Petkoski; Nigel Twose (Ed.) *WBI Series on Corporate Responsibility, Accountability, and Sustainable Competitiveness.* Washington dc, World Bank.

Pihama, L. & Gardiner, D. (2005) Building Baseline Data on Maori, Whanau Development and Maori Realising Their Potential.

Poolthong, Y. & Mandhachitara, R. (2009) Customer expectations of CSR, perceived service quality and brand effect in Thai retail banking. *International Journal of Bank Marketing,* 27, 408-427.

Poullaos, C. (2009) Profession, Race and Empire: Keeping the Centre Pure, 1921-1927. *Accounting, Auditing & Accountability Journal,* 22, 429-468.

Power, M and Laughlin, R. (1996) Habermas, Law and Accounting. *Accounting, Organization and Society,* 21, 441-465.

Pratten, J. & Mashat, A. (2009) Corporate Social Responsibility in Libya. *Social Responsibility Journal,* 5, 311-327.

Prihatiningtyas, L. (2011) Hedge Accounting Disclosure under IAS 39 and IFRS 7: An analysis of hedge accounting disclosure policy in the Netherland's listed firms. Master thesis, Department Accountancy. Faculty of Economics and Business Studies, Tilburg University.

Prior, F. & Argandoña, A. (2009) Best Practices in Credit Accessibility and Corporate Social Responsibility in Financial Institutions. *Journal of Business Ethics,* 87, 251-265.

Prizzia, R. (2001) Privatization and social responsibility A critical evaluation of economic performance. *The International Journal of Public Sector Management,* 14, 450-464.

Proveandimprove. (2008) Social Accounting and Audit. *Available <http://bit.ly/z4KX5u>*.

Qadafi, M. (1977) *The Green Book, The Third Universal Theory, Parts One, Two and Three*.

Qadafi, S. (2010) Urgent Call for Reviewing the Means and Methods. First International Conference of The Electronic Mangement. *Available <http://bit.ly/yRh8m1>*.

Qu, W. & Leung, P. (2006) Cultural Impact on Chinese Corporate Disclosure – A Corporate Governance Perspective. *Managerial Auditing Journal,* 21, 241-264.

Quazi, A., Rahman, Z. & Keating, B. (2007) A Developing Country Perspective of Corporate Social Responsibility: A Test Case of Bangladesh. *Reputation, Responsibility, Relevance* University of Otago, Dunedin, New Zealnd, Maree Thyne.

Radebauh, L. H. & Gray, S. J. (2002) *International Accounting and Multinational Enterprises*, John Wiely New York, NY.

Rahahleh, M. Y. & Sharairi, J. A. (2008) The Extent of Social Responsibility Accounting Application in the Qualified Industrial Zones in Jordan. *International Management Review,* 4**,** 5-17.

Rahahleh, M. Y. (2011) Means for Implementation of Environmental Accounting Jordanian Perspectives. *International Journal of Business and Management* 6**,** 124-135.

Rahaman, A. S. (2005) Revisiting the Role of Accounting in Third World Socio-Economic Development: A Critical Reflection.

Rahaman, A. S. (2010) Critical Accounting Research in Africa: Whence and Whither. *Critical Perspectives on Accounting,* 21**,** 420-427.

Rahaman, A. S., Everett, J. & Neu, D. (2007) Accounting and the Move to Privatize Water Services in Africa. *Accounting, Auditing & Accountability Journal,* 20**,** 637-670.

Rahaman, A; Lawrence, S and Roper, J. (2004) Social And Environmental Reporting at the VRA: Institutionalised Legitimacy or Legitimation Crisis? *Critical Perspectives on Accounting,* 15, 35–56.

Ramasamy, B., Ting, H. W. & Yeung, M. C. Y. (2007) Does it Pay to Be Good in Developing Countries? The Relationship Between Corporate Social Responsibility and Financial Performance in Malaysia. *Asian Academy of Management Journal of Accounting and Finance,* 3**,** 21-36.

Reed, D. (2002) 'Employing Normative Stakeholder Theory in Developing Countries. A Critical Theory Perspective'*, Business & Society*, 41, 166-207

Rettab, B., Brik, A. & Mellahi, K. (2009) A Study of Management Perceptions of the Impact of Corporate Social Responsibility on Organisational Performance in Emerging Economies: The Case of Dubai. *Journal of Business Ethics,* 89**,** 371-390.

Reuters (2010) Libya Aims to Privatise Half of Economy in Decade. *Available <http://bit.ly/yySD5u>*.

Rhema, A. & Miliszewska, I. (2010) Towards E-Learning in Higher Education in Libya. *Issues in Informing Science and Information Technology,* 7**,** 423-437.

Richardson, B. (2009) Keeping Ethical Investment Ethical: Regulatory Issues for Investing for Sustainability. *Journal of Business Ethics,* 87**,** 555-572.

Rizk, R., Dixon, R. & Woodhead, A. (2008) Corporate Social and Environmental Reporting: A Survey of Disclosure Practices in Egypt. *Social Responsibility Journal,* 4**,** 306 - 323.

Roberts, C. (1991) Environmental Disclosures: A Note on Reporting Practices in Mainland Europe. *Accounting, Auditing & Accountability Journal,* 4**,** 62-71.

Roberts, C., Weetman, P. & Gordon, P. (2008) *International Corporate Reporting: A Comparative Approach. Fourth Edition*, Ft Prentice Hall. Financial Times.

Robinson, D. & Reed, V. (1998) *The A-Z of Social Research Jargon*.

Rodríguez, C. & Lemaster, J. (2007) Voluntary Corporate Social Responsibility Disclosure. *Business & Society* 46**,** 370-384.

Rodríguez, J. & Santiso, J. (2007) Banking On Development: Private Banks and Aid Donors in Developing Countries. OECD Development Centre Working Paper No. 263.

Rosser, A. (1999) The Political Economy of Accounting Reform in Developing Countries: The Case of Indonesia. Murdoch University: Asia Research Centre-Murdoch University.

Roulston, K. (2010) *Reflective interviewing: A Guide to Theory and Practice*.

Rourke, L. & Anderson, T. (2004) Validity in Quantitative Content Analysis. *Educational Technology Research and Development,* 52**,** 5-18.

Rubenstein, D. (1992) Bridging the Gap Between Green Accounting and Black Ink. *Accounting, Organizations and Society,* 17**,** 501-508.

Sahara Bank. (2005) Annual Report.

Sahara Bank. (2006) Annual Report.

Sahara Bank. (2007) Anuual Report.

Sahara Bank. (2008) Annual Report.

Said, E. (1986) Intellectuals in the Post-Colonial World. *Salmagundi,* 70**,** 44-64.

Saidane, D. (2010) Banking Services in Africa: The Regulatory and Institutional Dimension? Consolidation, Privatization, Human Resources and Good Governance. in Nations, U. (Ed.). Multi-Year Expert Meeting on Services, Development and Trade: The Regulatory and Institutional Dimension Geneva, 17-19 March 2010.

Salama, A. (2008) Egypt: Social Responsibility Disclosure Practice. In Samuel O. Idowu, Walter Leal Filho (Ed.) *Global Practices of Corporate Social Responsibility.*

Saleh, M. (2001) Accounting Information Disclosure and Accountability: Cases from Libya. PhD Thesis. *Accounting* . Sheffield, Sheffield Hallam University, UK.

Saleh, M., Zulkifli, N. & Muhamad, R. (2010) Corporate social responsibility disclosure and its relation on institutional ownership Evidence from public listed companies in Malaysia. *Managerial Auditing Journal,* 25**,** 591-613.

Salehi, M. & Azary, Z. (2009) Stakeholders' Perceptions of Corporate Social Responsibility: Empirical Evidences from Iran. *International Business Research,* 2**,** 63-72.

Salomon (2001) Adidas-Salomon AG 's Response to The Commission of the European Communities' Green Paper Promoting a European Framework for Corporate Social Responsibility. *Available <http://bit.ly/xcaUKi>.*

Samuels, J. M. & Oliga, J. C. (1982) Accounting Standards in Developing Countries. *International Journal of Accounting Education and Research,* 18**,** 69-88.

Schwarz, H. & Ray, S.. (2005) *A Companion To Postcolonial Studies*. Blackwell

Seiler, R. (2009) Human Communication in the Critical Theory Tradition. *Available <http://www.ucalgary.ca/~rseiler/critical.htm>.*

Senik, R. (2009) Understanding Accounting Research Paradigms: Towards Alternative Methodologies. *Research Bulletin of the Faculty of Economics and Management, UPM, 4 (March):5-8.*

Shaikh, J. & Jakpar, S. (2007) Dispelling and Construction of Social Accounting in View of Social Audit. *Informaion Systems Control Journal,* 2, 1-6.

Shareia, B. (2010) The Libyan accounting profession: historical factors and economic consequences. The University of Sydney. *Available <http://bit.ly/wQ4uGD>.*

Simon, H. A. (1976). Administrative Behavior: A Study of Decision-Making Processes in Administrative Organization. New York.

Siwar, C. & Hossain, M. T. (2009) An analysis of Islamic CSR concept and the opinions of Malaysian managers. *Management of Environmental Quality: An International Journal,* 20**,** 290-298.

Spence, C. (2006) Applying the Blow Torch of Research Methodology to the Rhetoric of Regulation. *AFAANZ.* Wellington, New Zealand 2-4 July 2006. *Available <http://bit.ly/wQEWrq>.*

Spence, C. (2009) Social Accounting's Emancipatory Potential: A Gramscian Critique. *Critical Perspectives on Accounting,* 20**,** 205-227.

SSCC (2009) Marxism as a Critical Emancipatory Social Science. *Social Science Computing Cooperative.*

Stacey, E. & Gerbic, P. (2003) Investigating The Impact of Computer Conferencing: Content Analysis As A Manageable Research Tool of The Australasian Society For Computers in Learning in Tertiary Education (ASCILITE). Adelaide, Australia 7–10 December 2003.

Steger, M. & Carver, T. (2009) *Globalization and Postcolonialism. Hegemony and Resistance in the Twenty-first Century*, Rowman & Littlefield.

Suchman, Mark C. (1995). "Managing Legitimacy: Strategic and Institutional Approaches," *Academy of Management Review*, 20, 3, 571-610.

Suddaby, R., Cooper, D. J. & Greenwood, R. (2007) Transnational Regulation of Professional Services: Governance Dynamics of Field Level Organizational Change. *Accounting, Organizations and Society,* 32**,** 333-362.

Sugirtharajah, R. S. (2004) *The Bible and The Third World Precolonial, Colonial and Postcolonial Encounters*, Cambridge, United Kingdom.

Suler, J. (2010) Using interviews in research. Lawrenceville, NJ: Rider University, Department of Psychology. *Available <http://www-usr.rider.edu/~suler/interviews.html>.*

Sumiani, Y., Haslinda, Y. & Lehman, G. (2007) Environmental Reporting in A Developing Country: A Case Study on Status and Implementation in Malaysia. *Journal of Cleaner Production,* 15**,** 895-901.

Tang, L. & Li, H. (2009) Corporate Social Responsibility Communication of Chinese and Global Corporations in China. *Public Relations Review,* 35**,** 199-212.

Techonolgy Integration Division (2009) Libyan Cultural Orientation. *Available <http://fieldsupport.dliflc.edu/products/libyan/al_co/libyan.pdf>.*

Teferra, D. & Altbach, P. (2004) African Higher Education: Challenges for the 21st Century. *Higher Education,* 47**,** 21–50.

The Cambridge Dictionary. (2009) *English English Dictionary* Cambridge Dictionary.

The Economist Newspaper. (2011) Libya Why it is Still Stuck. *Available <http://econ.st/zPPUM6>.*

The Library of Congress. (2005) Country Profile: Libya. *Federal Research Division*.

The Library of Congress. (2008) Developing Countries. Library Of Congress Collections Policy Statements. *Available <http://www.loc.gov/acq/devpol/devcountry.pdf>.*

The World Bank. (2006) Socialist People's Libyan Arab Jamahiriya Country Economic Report. *Social and Economic Development Group Middle East and North Africa Region*.

The World Bank. (2007) Corporate Social Responsibility and Corporate Citizenship in the Arab World. *Available <http://bit.ly/zyG79d>.*

The World Bank. (2009) How we Classify Countries . *Available <http://bit.ly/ykusKA>.*

Thibos, C. A. (2009) Corporate Social Responsibility Discourse in the Arab World. *The Faculty of the Graduate School.* The University of Texas at Austin

Thomson, I. & Bebbington (2005) Corporate Social Reporting: A Pedagogic Evaluation *Critical Perspectives on Accounting,* 16**,** 507-533.

Tikly, L. (2001) Globalisation and Education in the Postcolonial World: Towards A Conceptual Framework *Comparative Education,* 37, 151–171.

Tilling, M (2004) Refinements to Legitimacy Theory in Social and Environmental Accounting. Commerce research paper series NO. 04-6. Flinders University, Australia.

Tilt, C. A. (1994) The Influence of External Pressure Groups on Corporate Social Disclosure Some Empirical Evidence. *Accounting, Auditing & Accountability Journal,* 7**,** 47-72.

Tilt, C. A. (1997) Environmental Policies of Major Australian Companies: Australian Evidence. *British Accounting Review* 29**,** 367-94.

Tinker, T. (1984) *Social Accounting for Corporations. Private Enterprise Versus the Puplic Interest,* New York.

Tinker, T. (1985) *Paper Prophets: A Social Critique of Accounting,* New York, Praeger, 1985.

Tinker, T., Neimark, M. & Lehman, C. (1991) Falling down the Hole in the Middle of the Road: Political Quietism in Corporate Social Reporting. *Accounting, Auditing & Accountability Journal,* 4**,** 28-50.

Tinker, T; Neimark, M and Lehman, C (1991) Falling down the Hole in the Middle of the Road: Political Quietism in Corporate Social Reporting. *Accounting, Auditing & Accountability Journal,* 4, 28-54.

Todaro, M. P. & Smith, S. C. (2009) *Economic Developmen Pearson Education Limited, Addison-Wesley*.

Tomal, N. (2010) High school students' attitudes towards geography and the questions they wonder about. *Scientific Research and Essays. Academic Journals,* 5**,** 1729-1733.

Trauth, E. & Howcroft, D. (2006) Critical empirical research in IS: an example of gender and the IT workforce. *Information Technology and People,* 19**,** 272-292.

Trotman, K. T. & Bradley, G. W. (1981) Associations between social responsibility disclosure and characteristics of companies. *Accounting, Organizations and Society,* 6**,** 355-362.

Tsang, E. W. K. (1998) A Longitudinal Study of Corporate Social Reporting in Singapore: The Case of the Banking, Food and Beverages and Hotel Industries. *Accounting, Auditing & Accountability Journal,* 11**,** 624–35.

Twati, J. M. (2006) Societal and organisational culture and the adoption of management information systems in Arab countries. *Faculty of Griffith Business School.* Australia.

U.S. Department (2010) Human Rights Report for Libya. *Available <http://1.usa.gov/yX0Shg>*.

Ugur, K. & Erdogan, H. (2007) Remembering Thirty-five Years of Social Accounting: A Review of the Literature and the Practice. *Munich Personal RePEc Archive.*

Ullman, A. (1976) The corporate environmental accounting system: a management tool for fighting environmental degradation. *Accounting, Organizations and Society,* 1**,** 71-79.

UN (2003) International Accounting Reporting Issues: Report by the Secretariat of the United Nations Conference on Trade and Development. *United Nations New York and Geneva.*

UN (2006) Impacts Vulnerabilities and Adaptation in Developing Countries. *Available* <http://bit.ly/y5ScKM>.

UN (2009) Composition of macro geographical (continental) regions. *Available <http://unstats.un.org/unsd/methods/m49/m49regin.htm>*.

UNDP (2009) Human Development Report 2009. *Published for the United Nations Development Programme (UNDP). Available <http://bit.ly/Afydlk>.*

Unerman, J. & Bennett, M. (2004) Increased stakeholder dialogue and the internet: towards greater corporate accountability or reinforcing capitalist hegemony? *Accounting, Organizations and Society,* 29**,** 685-707.

Unerman, J. (1998) A Critique of Content Analysis as a Research Method for Corporate Social Reporting. *the British Accounting Association National Conference.* Manchester.

Unerman, J. (2000) Methodological issues: reflections on quantification in corporate social reporting content analysis. *Accounting, Auditing and Accountability Journal,* 13**,** 667-680.

Unerman,. (2007) Introduction to Sustainability Accounting and Accountability. In J. Unerman, J. Bebbington and B. O'Dwyer (Ed.) Sustainability Accounting and Accountability. London, Routledge

United Banking. (2008) Annual report.

Unrisd (2005) Gender Equality: Striving for Justice in an Unequal World. *United Nation Research Institute for Social Development. Available <http://bit.ly/Amiuyj>.*

Upper Rech (2010) Libya The last untapped investment frontier. *Available <http://bit.ly/z4gg2Y>.*

Utama, S. (2009) Regulation to Enhance Accountable Corporate Social Responsibility Reporting. *1st International Conference on Sustainable Management of Public and Not For Profit Organisations* University of Bologna.

Utting, P. (2005) Rethinking Business Regulation: From Self-Regulation to Social Control. *Programme on Technology Business and Society*.

Vandewalle, D. (1998) *Libya Since Independence: Oil and State-Building, London: Cornell University Press.*

Visser, W. (2008) Corporate Social Responsibility in Developing Countries. In Crane, A. M., D. Matten, J. Moon & D (Ed.) *The Oxford Handbook of Corporate Social Responsibility.* Oxford, Oxford University Press.

Votaw, D. & Sethi, S. P. (1973) *The Corporate Dilemma: Traditional Values versus Contemporary Problems*.

Vourvachis, P. (2007) On the use of content analysis (CA) in corporate social reporting (CSR): revisiting the debate on the units of analysis and the ways to define them. *British Accounting Association Annual Conference.* Egham, England.

Waha Bank. (2008) Annual Report.

Wahda Bank. (2005) Annual Report.

Wahda Bank. (2006) Annual Report.

Wahda Bank. (2007) Annual Report.

Wahda Bank. (2008) Annual Report.

Wahda Bank. (2010) About the bank. *Available <http://bit.ly/H2QO4T>.*

Warhurst, A. (2005) Future roles of business in society: the expanding boundaries of corporate responsibility and a compelling case for partnership. *Futures,* 37**,** 151-168.

Warschauer, M. (1999) *Electronic Literacies. Language, Culture and Power in Online Education*.

WBCSD (2003) Reconciling the Public and Business Agendas. The World Business Council for Sustainable Development. *Available <http://bit.ly/xZpOKc>.*

Wickert, C and Schaefer, S (2011) Revisiting Corporate Sustainability: Towards a Critically Performative Research Framework. Paper Accepted for presentation at the 7th Critical Management Studies Conference, 11-13 July 2011, Naples, Italy; Stream 16: Encountering Sustainability.

Wijewardena, H. & Yapa, S. (1998) Colonialism and Accounting Education in Developing Countries: The Experiences of Singapore and Sri Lanka. *The International Journal of Accounting,* 33**,** 269-281.

Willem, J., Gelder, V. & Denie, S. (2007) Benchmarking credit policies of international banks: Mind the Gap. In Banktrack (Ed.).

Williams, S. M. & Pei, C.-A. H. W. (2006) Corporate Social Disclosures by Listed Companies on Their Web Sites: An International Comparison. *The International Journal of Accounting,* 34**,** 389-419.

Wilson, A. (1993) Towards an Integration of Content Analysis and Discourse Analysis: The Automatic Linkage of Key Relations in Text. *Available <http://bit.ly/zpOOfk>*.

Wilson, M. (2003) Corporate sustainability: What is it and where does it come from? *Ivey Business Journal***,** 1-5.

Wolfe, R. (1991) The use of Content analysis to Assess Corporate Social Responsibility *Research in Corporate Social Performance and Policy,* 12**,** 281-307.

Woolman, D. (2001) Educational reconstruction and post-colonial curriculum development: A comparative study of four African countries. *International Education Journal. WCCES Commission 6 Special 2001Congress Issue,* 2.

Wright, J. (1982) *Libya A Modern History. Croom Helm Ltd*.

Wssf (2009) Abstracts for Parallel and Plenary Sessions. *World Social Science Forum.*

Yan-Leung Cheung, Y, L; Jiang, P and Tan, W (2010) A transparency Disclosure Index measuring disclosures: *Chinese listed companies. Account, Public Policy* 29, 259–280.

Yekini, S, L. (2009) Financial instruments disclosure: the role of accounting standards. PhD, School of Management University of Leicester.

Yusoff, H and Lehman, G (2006) International differences on corporate environmental disclosure practices: a comparison between Malaysia and Australia. ICAFT 2006 : 4th international conference on accounting and finance in transition. University of South Australia, 1-28.

Zain, M. (1999) Corporate Social Reporting in Malaysia: The Current State of the Art and Future Prospect. University of Sheffield, UK.

Zeghal, D. & Ahmed, S. A. (1990) Comparison of Social Responsibility Information Disclosure Media Used by Canadian Firms *Accounting, Auditing & Accountability Journal,* 3, 38-53.

Zubek, F. F. (2008) An Investigation Into Human Resource Disclosure, With Specific Reference to Corporate Social Responsibility in The Libyan Oil Industry. PhD, Liverpool Liverpool John Moores University, UK.

Appendix 1: Decision Rules - Categories of Disclosure

First Category: Community

Contributing to community events: Banks' communication with the surrounding community through contributions to social activities and social programmes; social programmes include religious festivals and social activities in the neighbourhoods; community events could also include seminars and conferences.

Access points to low-populated or economically disadvantaged areas: Operating or opening new branches and agencies of commercial banks in low-population or economically disadvantaged areas.

Supporting local activities and contributing to the well-being of society, including community partnership and investment: Offering credit and letters of guarantee services, and contribution to projects and companies that operate in the public interest. Also, efforts to transfer services, industries and capital to underserved communities. This also includes infrastructure investment, including transport links, utilities, community social facilities, and sports, and health and welfare centres. Banks may grant credit facilities in various areas and invest in non-profit organisations. Bank's contributions to managing programmes to address the priority needs of the community and promoting volunteerism (voluntary work). The creation of job opportunities, which helps reduce unemployment.

Procedures for local hiring: Disclosure of employment of local community either in the highest or lowest staff levels.

Community Engagement: Engagement here includes collaboration with a number of local institutional groups, such as institutions, popular conferences, focus groups, community panels, corporate advisory panels, management/union structures and NGOs.

Second Category: Employees

Different Payments and Benefits: The benefits and payment disclosures, include financial incentives systems; medical payments for employees; insurance payments; social and housing loans for employees; annual leave provisions; contributions made to employees' social events; and bonuses to employees at the end of a fiscal year.

Thanks to employees: Exchanging greetings of peace and thanks, expression of thanks and gratitude to the employees.

Health and Safety: Mentioning the potential risks in the environment of work, as well as the means for prevention and protection against such risks, such as risks related to dealing with customers. Such dealings might expose employees to threats and violence, such as attacks and aggression from customers or others (verbal or physical threats), bank robberies, money laundering and terrorism. Also, fire hazards and giving information regarding adequate escape routes.

Training Programmes: Training programmes were offered, as well as training costs or expenses that might include training, education, and improving human, technical, professional and scientific knowledge.

Employment and advancement of women – number of women in management: The names of women within banks' executive management teams or high levels.

Equal opportunities: Average working hours; racial and sexual equality and employment of disabled persons, including retraining; the employment and advancement of women, average working hours; the ratio of the basic salaries for men and women, the percentage of employees trained, incidents of discrimination and actions taken, reasons for employee changes and freedom of union membership.

Statutory disclosure of directors' emoluments: The board of directors' and managers' bonuses and salaries; providing information regarding the incentives system of the bank, such as the remuneration policy for employees, and the rewards of executives and board members.

Employees' Engagement: Internal employees' surveys, regular meetings and annual performance reviews.

Third Category: Customers

Social and Housing Loans: Housing loans and social loans that are disclosed in the annual report.

Accessibility of financial services to customers: Easy accessibility of financial services to serve customers within the region in which the banks operate. Technical services that are offered by the banks to customers as a form of social responsibility in the Libyan context.

Product responsibility: The banking services' prices, the bank's efforts to enhance financial literacy, and their adoption of policies for the fair design and sale of financial products and services.

Providing Islamic products: Islamic banking services, such as opening new Islamic counters; Hajj and Omra Visa, Zakat calculator, etc.

Other initiatives towards customers: Any other social initiatives that not included in the previous sub-categories e.g. opened a Child Agency.

Human Rights of Customers: Non-discrimination and fair lending policies, providing financial services for disadvantaged customers and customer privacy; dealing with customers equally in facilitating service delivery; such as permitting easy access to the banks' buildings for disabled customers.

Customer's Engagement: Engaging customers in the bank's issues and developing a level of dialogue with them; using regular market surveys to measure customers' expectations and satisfaction, as well as dealing with customers' questions or complaints.

Fourth Category: Economy

Direct contribution to the local economy: The economic value generated and distributed, including revenues, costs, donations, retained earnings, and payments to government in taxes.

Indirect contribution to the local economy: the role of banks as a participant in socio-economic change and national economic development. Development and impact of infrastructure investments and services provided primarily for public benefit through commercial activities. Understanding and describing significant indirect economic impacts, including the extent of impacts; indirect economic impacts represent the results of transactions by the bank that are often non-monetary.

Protection of assets and wealth, and bank's risk management: Dealing with risk management and protection of assets; Actions taken to protect depositors; the possible inability to recover loans.

Return on investment: The increasing value of the returns and other benefits to shareholders and other incentives, grants and benefits granted to them.

Shareholder Engagement: The annual general meeting, and using surveys, or any other consultations.

Fifth Category: Environment

Direct Responsibility for the Environment: Dealing with reducing direct and indirect energy consumption by primary energy sources, saving energy due to conservation and efficiency improvements, providing energy-efficient or renewable energy, reducing paper consumption and increasing recycling.

Indirect Responsibility for the Environment: Considering the environmental impact of other companies' activity before financing them, such consideriation may exceed mere disclosure of banks' activities to include their clients' activities.

Sixth Category: Other

Adhering to Government/CBL Policies: Disclosing any detailed information regarding adherence to government/CBL policies and generally accepted accounting principles.

To whom the report is addressed: Any groups that the bank reported to, especially in the board of director's statement that exists in annual reports, including shareholders, external auditors and the CBL.

Bank's target and vision: Disclosing the bank's vision and targets for future, and how to improve their services and responsibility to serve all interested parties.

Factors that have direct and indirect impact on banks' activities: Factors that influenced the bank's activities, and might have direct impact on social responsibility, such factors include the impact of globalisation, the impact of the local economy and CBL/government policies.

Appendix 2: Interviews Semi-structured Questions Guide

1. General questions:

1.1 Date of interview……………………………………………………………

1.2 Present occupation of interviewee………………………………………….

1.4 Educational qualification The Subject:

- Less than Bachelor Degree ☐ ……………
- Bachelor Degree ☐ ………...…
- Masters ☐ ..……...……
- Doctorate ☐ ….…….……..
- Professional qualification ☐ ..…………..
- Others ☐ ……………

1.5 The experience in the present occupation: Less than 5years ☐

5-10 years ☐ 11-20 years ☐ over 20 years ☐

2. Questions related to managers/accountants/stakeholders' attitude/perception:

- What you understand by the term social accounting/corporate social responsibility?
- What do you think about the role of banks in society

3. Questions related to government's role in enhancing social accounting and responsibility in LCBs:

- What government should do to support and enhance banks' role in society?
- How government can keep and enhance this supporting especially after change in ownership structure of most banks?

4. Questions related to the current disclosure and practice: (understanding and criticize the status quo)

- What is the main media that banks use to make their activity visible?
- What you think about the reason behind the lack of banks social disclosure in LCBs annual reports?

- Are social and environmental issues considered as part of training programme for employees?
- What are the benefits and initiatives that are provided by banks to society and other?

6. Questions related to required change to enhance or better social accounting in Libya? (A way forward)

- Considering the Socio-culture structure in Libya, what are the aspects that must be considered by banks as a priority for society and other stakeholders?
- What is your general comments/suggestion for bank to improve on its social accounting and responsibility commitment?

UNIVERSITY OF DUNDEE

School of Accounting and Finance

Professor Jim Haslam
++44(0)1382 384857
j.haslam@dundee.ac.uk

JH/HB

4 February 2010

Libyan Cultural Affairs

Re: Mr. Abdalnasr Abouzkeh

The above named individual is a PhD student in the School of Accounting & Finance, University of Dundee, Scotland, UK. We are his supervisors. Mr. Abouzkeh is conducting a research study on social accounting practice in the Libyan commercial banking sector. This kind of research requires collection of data, which includes annual reports and related documents, as well as the conducting of interviews for the research context and focus. This empirical study is an essential part of the research, enabling Mr. Abouzkeh to answer his research question and help him to prepare the next stage of his investigation or exploration.

We would appreciate it if you would give him all the cooperation that he requires. If you need further information please do not hesitate to ask.

Yours sincerely

Professor: Jim Haslam

Dr. Rania Kamla